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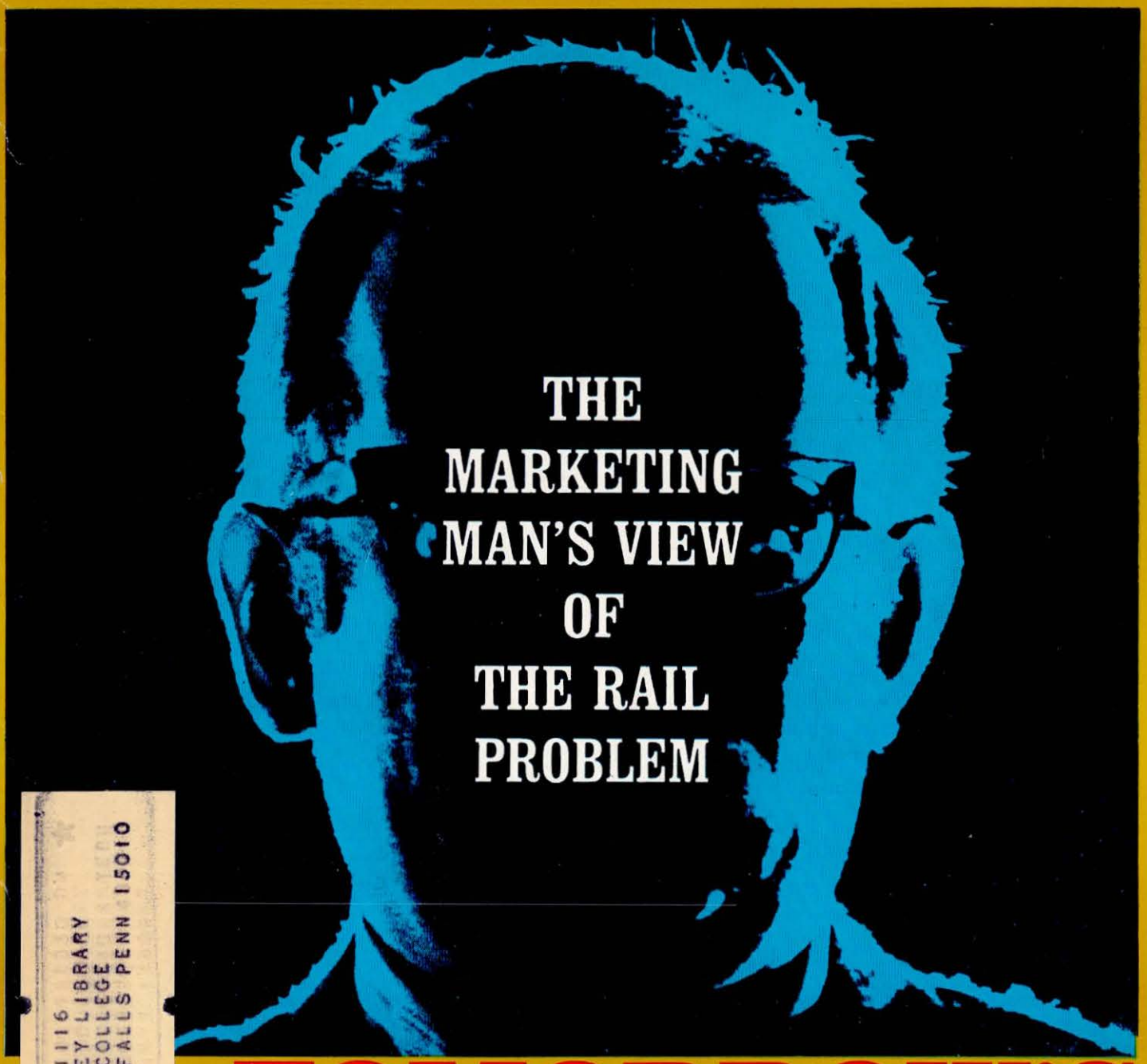
RAILWAY AGE

THE TRANSPORTATION WEEKLY



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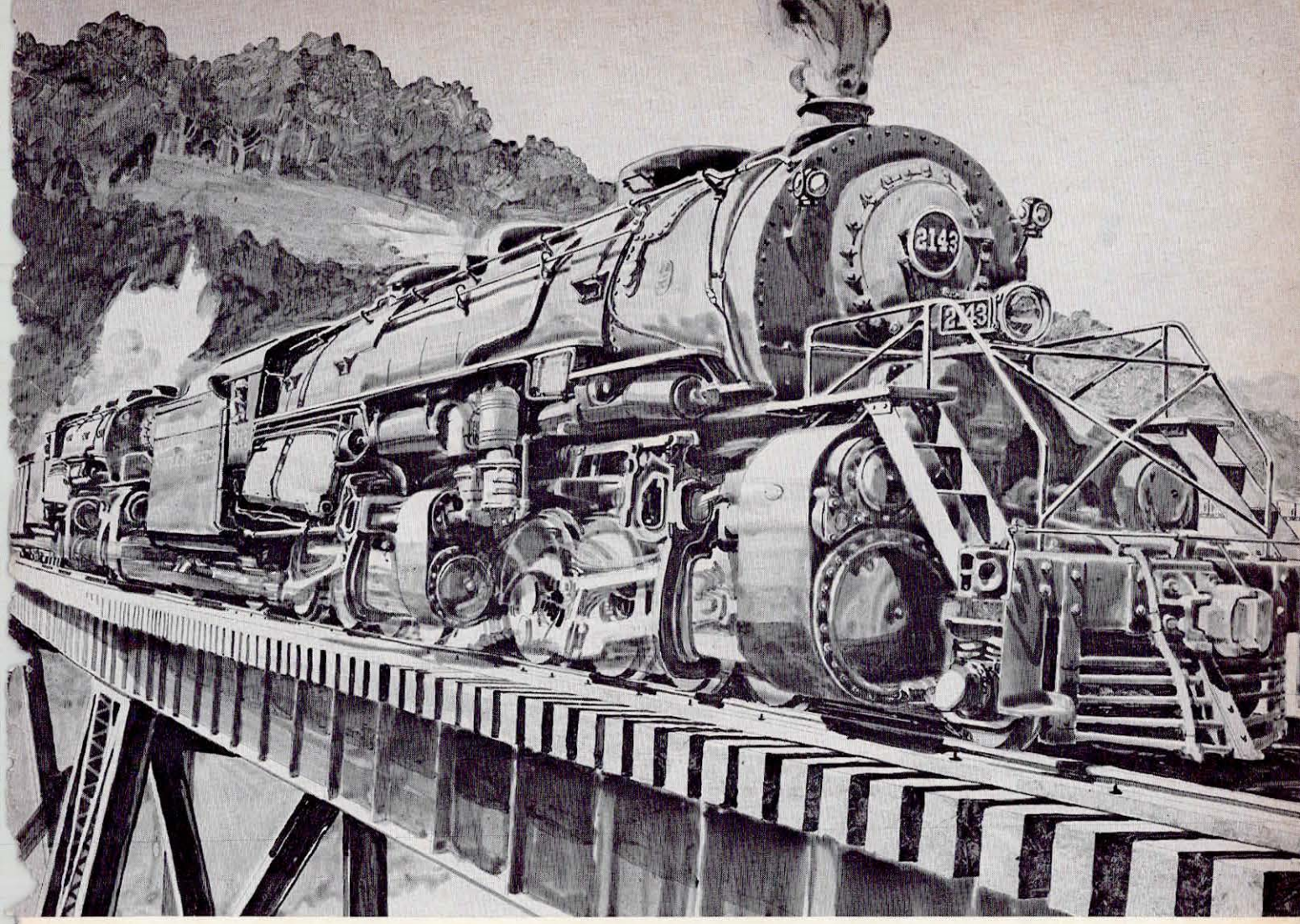

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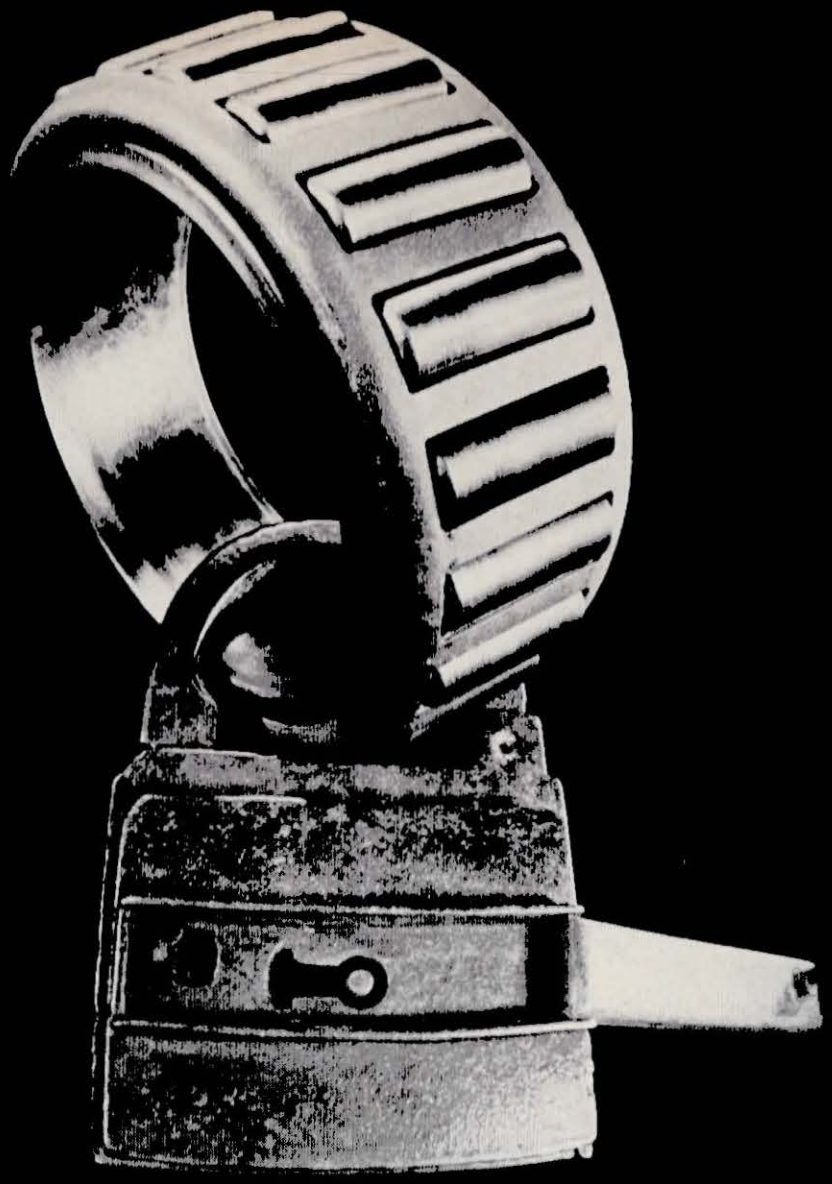

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FRED C. MILES: Executive Editor

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Car & Locomotive Cyclopedia:
C. L. Combes
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Constance Nicolai

Editorial and Executive Offices
Chicago, Ill. 60604, 14 E. Jackson Blvd.

C. JAMES FISHER: Vice President—Sales
GUS WELTY: Senior Editor
Mechanical: Robert D. Bartley
Engineering:
M. H. Dick R. E. Dove
Signaling & Communications:
Robert W. McKnight
Editorial Assistant: Wanda Brown

Washington, D.C. 20004,
National Press Bldg.
Washington Editor: Frank Malone

London, W.C. 2, England, 4, Talbot House; 98 St. Martin's Lane
International Editor:
John Levett

Contributing Editors:
Norman E. Gillespie
3205 Chelsea
Orlando, Florida 32803

Charles Layng
6019 Nashua St.
Orlando, Florida 32809

E. L. Woodward
876 Chattanooga Ave.
Pacific Palisades, Calif. 90272

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TOMORROW'S RAILROADS: NO. 2

The white knights of railroading are marketing men, says this second section of a 12-part Golden Spike Centennial Year series. Their performance can in large part determine the form tomorrow's railroading will take. . . . . . p. 17

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The railroad's goal: Maximum utilization of human resources.

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The only way to get in and out of New York last week was by train.

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. . . AND COMING NEXT WEEK

The Southern, a pioneer in containerization, has some startling results to show for its 1968 rail/highway operations. These results—and how they were achieved — are the subject of Washington Editor Frank Malone's interview with Southern Vice President-Sales William V. Burke, to be published in the Feb. 24 issue. Like all Freight Traffic Issues of Railway Age, this one will be mailed to 10,000 industrial traffic managers in addition to the regular subscription list.

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SHORT AND SIGNIFICANT

Northwest moves ahead on Goodrich bid

Northwest Industries, parent of Chicago & North Western, is moving ahead in its bid to acquire B. F. Goodrich, as legal efforts to delay or block Northwest have proved unsuccessful. Northwest has filed a registration statement with the SEC covering its proposed tender offer; and it has filed suit in Cook County, Ill., circuit court in a move aimed at gaining access to a current list of Goodrich shareholders.

Rio Grande: Target for a takeover?

For years, Rio Grande has been a most attractive railroad — strategically located, profitable, with a high percentage of revenue brought down to the profit line. Rio Grande, however, has more than 6.3 million shares outstanding, and it didn't look like a candidate for takeover. Now, a newly formed New York investment banking company seems to be casting a covetous eye west—with a tender offer for control of Rio Grande in mind. The new company is Carter Group, Inc. Its announcement said a registration statement relating to the offer might be filed soon with the SEC. For its part, Rio Grande management said it would "vigorously resist" a takeover attempt.

Paine, Webber sees sharp upturn in rail spending

The investment firm of Paine, Webber, Jackson & Curtis says railroads will spend at least $1.8 billion in 1969 for property improvements and additions. This would be the second highest level of capital spending for any year, topped only by 1966 when expenditures were in the neighborhood of $2 billion.

Suburbs approve DOT grant for commuter cars

The Chicago South Suburban Mass Transit District has approved a contract for a $25.2-million federal grant to acquire new equipment for Illinois Central's commuter operation. Meanwhile, all was silent along the Potomac, while DOT looked into circumstances surrounding the handling of the grant application by the previous administration—headed by Secretary Alan S. Boyd, who becomes president of IC April 1. News media raised the question of conflict of interest. Boyd says he insulated himself from the application and any possible conflict; and a spokesman for the CSSMTD says the district has not been notified that there's any cloud on the grant. The federal money, along with $12.4 million to be provided by IC, would be used for purchase of 130 electrified, double-deck commuter cars—owned by the district and leased to IC for operation.

New pipeline project for Santa Fe unit?

Santa Fe Pipeline Co., a Santa Fe Railway subsidiary, is working to acquire throughput agreements which would justify construction of an independent common-carrier line to transmit natural gas liquids from west Texas and New Mexico to the Gulf Coast. The proposed Chaparral Pipeline would gather products from existing and new plants, transport them to a point near Houston, and fractionate and redeliver them to the shipper. Interconnections would be established at Houston with major pipeline transmission systems to other parts of the country and with pipelines serving the petrochemical industry. It's also expected that Santa Fe, through an affiliate, would offer to buy ethane from west Texas plants for movement through the line and resale in the Gulf Coast area. Throughput-agreement target is a minimum commitment of 40,000 barrels of product per day.

Dock strike causes decrease in truck loadings

Intercity truck tonnage in the week ended Feb. 1 was 0.3% below the volume in the corresponding week of 1968—a decrease attributable partly to the East and Gulf Coast dock strike, says American Trucking Associations. Truck tonnage was 0.6% below that of the previous week.

MONDAY MORNING REPORT

MR. NIXON VISITS DOT

President Nixon stopped in at the Department of Transportation last week. The visit was part of his series of pep talks to upper-level members of government departments. At DOT, there was plenty of talk and pep. If the message seemed somewhat less than upper-level in content, perhaps that is to be expected at this stage.

"THE PEOPLE ARE INTERESTED IN TRANSPORTATION"

Mr. Nixon addressed approximately 160 DOT people from the office-director level up. The President started by saying, "From my vantage point of seeing problems as a whole, I can bring home to you the immense interest that people have in what you are doing. . . . One subject people across the country are interested in is transportation in all of its aspects." Those aspects, Mr. Nixon said, might include such problems as a clogged freeway in California, Long Island trains that run late, congested airports, or the future in terms of failing to do what is needed now. The President said he wanted to bring to the DOT assembly the "sense of urgency" that he feels and that he believes the American people feel about DOT activities.

"WE WANT A NEW TRANSPORTATION POLICY"

The President went on to say: "What we want from the Secretary is a new transportation policy. We will look forward to what this country is going to be like 10 or 20 years from now." This new policy, Mr. Nixon suggested, might have such objectives as livable cities and railroads modernized not only in terms of freight but "perhaps in terms of passengers." And that's about as far as the policy enunciation went. The gathering of transport specialists heard the externals, which most people already understand and accept. They got nothing of the internals—no talk of modernizing transport's regulatory structure, or of the future shape of the DOT agencies.

A VOTE OF CONFIDENCE IN MR. VOLPE

President Nixon made it clear that he thought Secretary John A. Volpe, whom he brought to DOT from the Massachusetts governor's mansion, is the man to carry out these aims. He expressed confidence in Secretary Volpe as a man of great drive and imagination to whom "we look for new ideas." The one thing missing from last week's rally was a glimmering of what these new ideas might be.

"Land sakes! What do they expect from one man? I told 'em I need a new Servoscan remote control system to handle all this traffic!"

SOUND familiar? The problem of efficient control of railroad operations hasn't really changed since 1888—it's just gotten worse. Today, railroad men face an ever-increasing array of new and more demanding competitive requirements—as well as the always-present factor of high labor costs.

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The integrated circuit design of SERVOSCAN makes it smaller, more reliable and less costly than equivalent non-vital relay equipment. A provision for manual stepping greatly simplifies field maintenance and checkout. Standard SERVOSCAN models are available to accommodate up to 64 remote field stations. A wide variety of control systems with different capacities can be easily assembled by merely stacking individual standard units.

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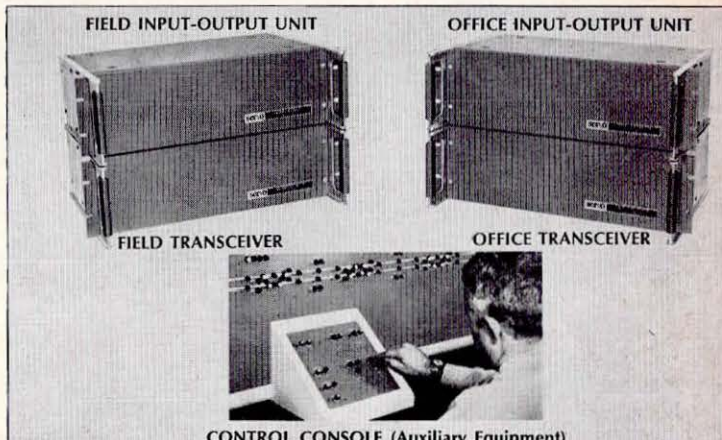

SERVOSCAN™ Remote Control System consists of four basic units: office transceiver, office input-output, field transceiver, and field input-output. Each unit measures only 5¼" x 11" x 17". Communication between office and field stations is by FSK carrier using return-to-zero coding. Auxiliary equipment is available from Servo on a custom-design basis, including control and display consoles, tape readers, solid state route check networks, manual local control panels, etc.

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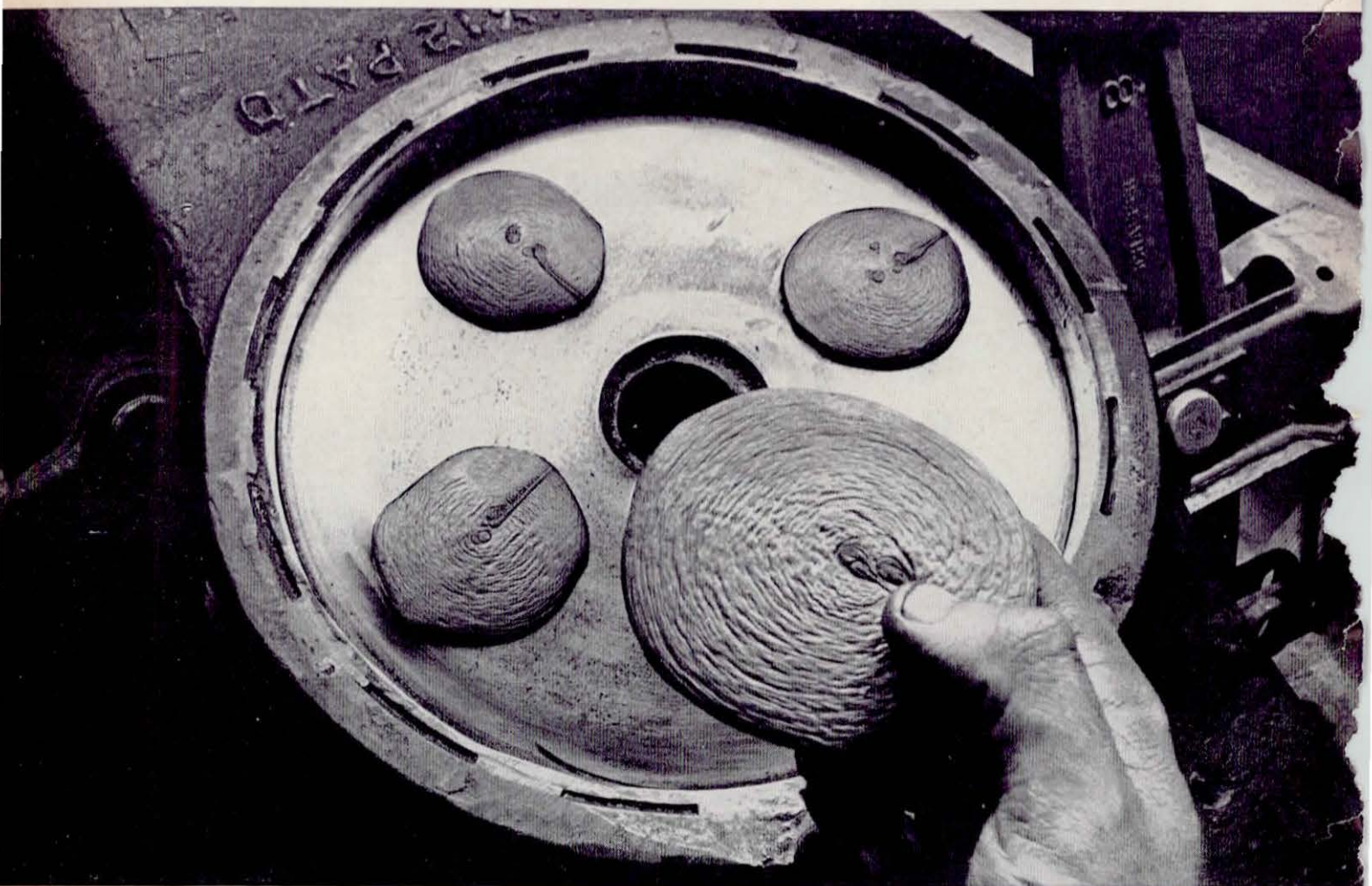

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RAILWAY AGE
THE TRANSPORTATION WEEKLY
February 17, 1969

Land bridge idea needs cooperation of marine interests

The marine shipping industry must integrate its planning "much more closely" with that of railroads and other land and dock operators if the land-bridge concept is to succeed, says Rupert J. Tingley, Canadian National's manager of container development. "Our main problem at the moment is that we in the railroad industry have established very low rates for the movement of containers in quantity and, up until the present time, the shipping lines have not indicated a willingness to match these rates on the oceans," Tingley told the Society of Naval Architects and Marine Engineers in Montreal. Tingley predicted that a Canadian land-bridge would be ready for traffic by 1970. Such an operation, he said, could start with 5,000 containers per year in each direction—or about 5% of the total cargo between Japan and Europe. He said traffic moving from the Orient to Europe is about 1,000,000 tons annually, with more than 500,000 tons carried in the reverse direction.

WEEK AT A GLANCE

Federal funds cut grade crossings

Federal funds helped pay for the elimination of 1,800 grade crossings and purchase of improved protective equipment for 1,500 others during the past five years, according to the Federal Highway Administration. Cost of the five-year program was $950 million; the government contributed $807 million under the Federal Aid Highway program. Remaining are approximately 225,000 unseparated crossings on the nation's 3.7 million miles of roads and streets.

Snow and gales fail to stop the Metroliner

New York's three airports were snowed in for two days; the New Jersey Turnpike was a ghostly graveyard of stalled trucks and automobiles—but the world's newest passenger train, the Penn Central's Metroliner, acted as if it were a balmy spring day. As New York lay paralyzed under a 15-inch blanket of gale-driven snow Feb. 10, the Metroliner glided into Penn Station, from Washington, only 26 minutes late—and the weather had very little to do with the delay. A minor electrical problem at Baltimore was responsible for 18 minutes of tardiness; a loading problem at Philadelphia took another five minutes; the snow delay was about three minutes. While the Metroliner was the hero of the hour, trains generally—as always—held their own against the storm far better than planes, trucks and buses. Many ran late—but at least they ran. Greatest difficulties were experienced by the Penn Central's New England division (formerly the New Haven) and by the Long Island.

L&N, UTU reach agreement on crew-consist issue

Louisville & Nashville and the United Transportation Union have settled the crew-consist dispute which twice touched off one-day strikes, the first leading to an emergency board and the second to court action. L&N expressed satisfaction that agreement on "some of the issues" had been reached; UTU said it was "pleased." But one observer forecast a period of uneasy peace.

Terms of the settlement call for the L&N to add a second trainman-helper within six months to half of the 500 crews which have been operating on a one-and-one basis. The remaining small crews will be subject to a continuing evaluation by management and union representatives, during the six-month period following the effective date of the agreement.

In settling the dispute, L&N did not back away from its case—that small crews are safe and not unduly burdensome to crew members. But, said President W. H. Kendall, "We are conscious of the importance of a stabilized labor situation that will remove the concern of shippers about recurring strikes. And the union leaders advise that they have a problem in agreeing to work rules for men on L&N that would be different from those for members of the union working on parallel and competing lines at this time."

L&N's hope, Kendall said, is that "the continuing demonstration on a limited number of crews of the soundness of our modernized assignment policy, based on new equipment and operating methods, will be convincing to the union and the industry and will set a pattern for future progress."

Agreement at the bargaining table did not immediately spill over into the courtroom. In U.S. District Court in Nashville, L&N sought to maintain the status quo with a temporary restraining order barring a UTU strike on the issue; the union moved for dismissal.

GUS WELTY

LINES ON LABOR

"NAME-CALLING," says Charles Luna, "is a sick kind of refuge for those who have fallen into a poverty of fact and figure." As president of the United Transportation Union, Luna is upset about the "American Railroads" advertising-publicity campaign which revives that old term "featherbedding." And, let's face it, he has a certain amount of company in his concern: There *is* something sad about the whole affair. At the same time, however, Luna might be asked how he feels about figure-fudging—because that's what UTU seems moderately guilty of in its reply to the featherbedding charge.

UTU CONTENDS that the railroad industry has very little right "to wear the mantle of public defender," arguing that since 1960, service has declined while rates and profits have increased. UTU charges that since 1945, freight rates have gone up by 92%, while "crews have been reduced nearly 60%."

SHALL WE GATHER at the adding machine and look at a few other figures for 1960-68 and 1945-68? First, let's consider freight rates. The only general increases since 1960 came in 1967 and '68. Before 1960, increases came almost on an annual basis, but UTU gives the industry no credit for holding the line for seven years of the inflationary 1960s. In 1960, by the way, average revenue per ton-mile was 1.403 cents; in 1968, it was 1.310 cents.

HOW ABOUT PROFITS? UTU picks a good year, 1960, as its base. That was the second-lowest year for net income in the '60s. Profits have indeed gone up. If they hadn't, there might not be a privately-owned railroad industry today. Rate-of-return in 1960, however, was 2.13%. Rate-of-return in 1968 was 2.60%. The increase caused few railroad presidents to go dancing in the streets.

HOW ABOUT LABOR COSTS? UTU doesn't mention them. But in 1945, the average straight-time hourly rate was 93 cents. In 1968, it was $3.45. In 1945, railroad payroll totaled $3.8 billion. In 1968, payroll totaled $5.1 billion, and supplements raised the over-all bill to $5.8 billion. The average annual earnings of a railroad employee have gone up from $2,718 in 1945 to $6,270 in 1960 to $8,695 last year. Considering all this, perhaps railroad customers and railroad employees should be grateful to UTU for the points it makes regarding manpower cuts: Rates would not have stayed so low, wages would not have gone so high—if total employment had not been reduced. Make sense?

FRA simplifies rule-making procedure

On-record hearings no longer are required in the process of Federal Railroad Administration rule-making, FRA Administrator A. Scheffer Lang announced last week. The streamlined procedure will apply mainly to railroad safety. FRA has acted to sweep away the web of rules inherited from the Interstate Commerce Commission and the Commerce and Interior Departments when FRA was established as part of the Department of Transportation in 1967. Hearings will still be granted when the Administrator decides they are needed.

"We think the more practical method and the one which is employed elsewhere throughout the executive branch of the government is for the Administrator to use his internal expertise internally, and that he not be required to rely solely on the record of the petitioner and the public comments developed in the promulgation of the proposed rules," said Administrator Lang.

The FRA announcement pointed out that under the old system, Bureau of Railroad Safety personnel would have to go on the record with their opinions —with the result that internal FRA communication would suffer.

"Most important of all, as a practical matter, it would be necessary for the Administrator either to abdicate his responsibility to direct and supervise Bureau officials with respect to their testimony, or approve the testimony before it is placed on the record," said Lang. "He could not do the former, and the latter would make a sham out of his use of the testimony in the promulgation of the rules."

Already moving under the new procedure, FRA has proposed to find a better rule for power and brake inspections, while preserving safety. At issue is the "arbitrary-appearing 500-mile limitation" for such inspections.

Excluded from the new procedure are ICC and Department of Interior regulations regarding the federally-owned Alaska Railroad. Also excluded are ICC rules covering block signal systems, interlockings, traffic control systems, automatic train stop, train control, and cab signal systems.

(If rule making were to be speeded in any way by the new procedures, intervals such as the 40 months required for the 1967 revision of the Locomotive Inspection Rules might be pared. That case, Ex Parte 243, was instituted in 1964.)

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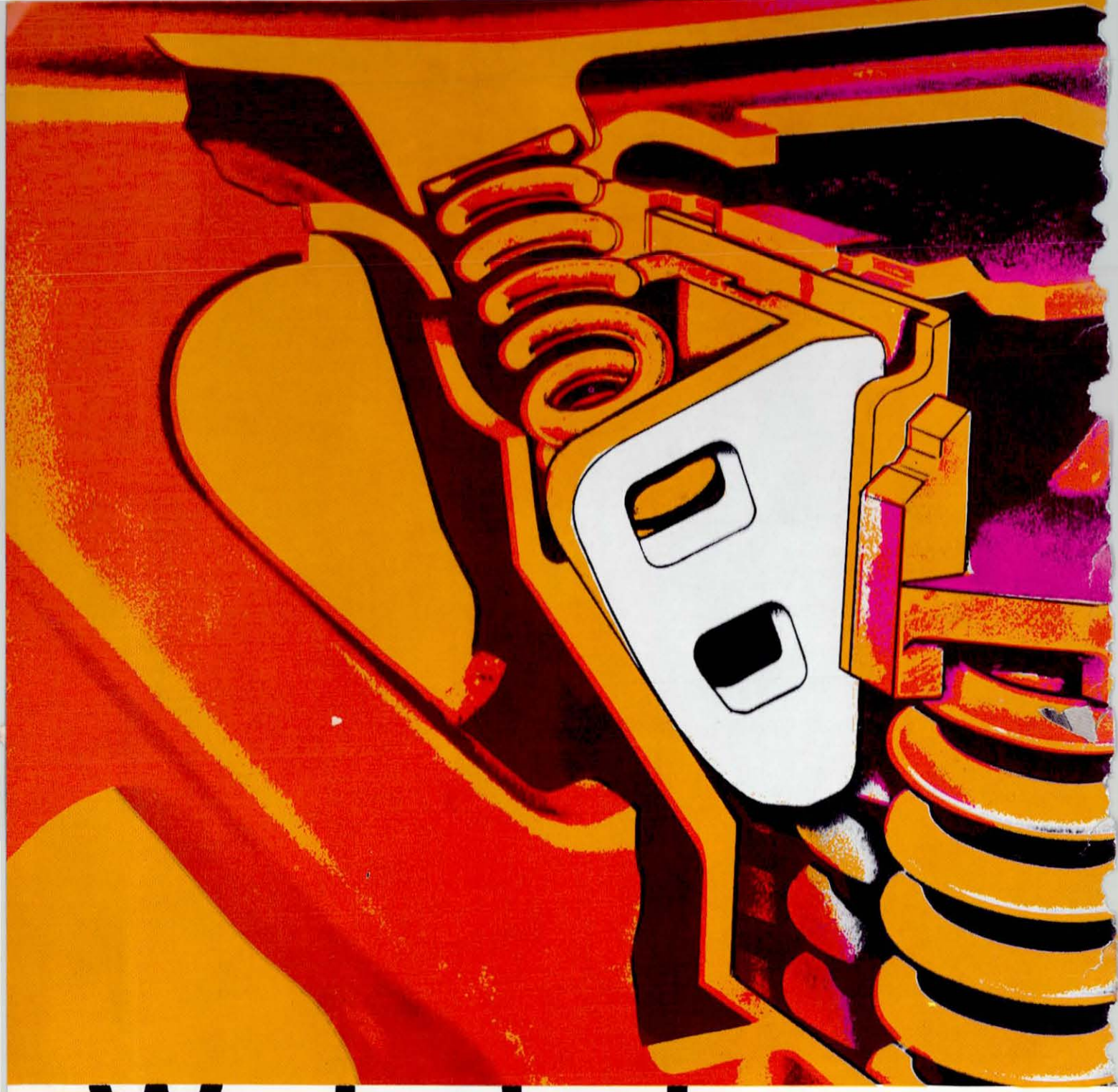

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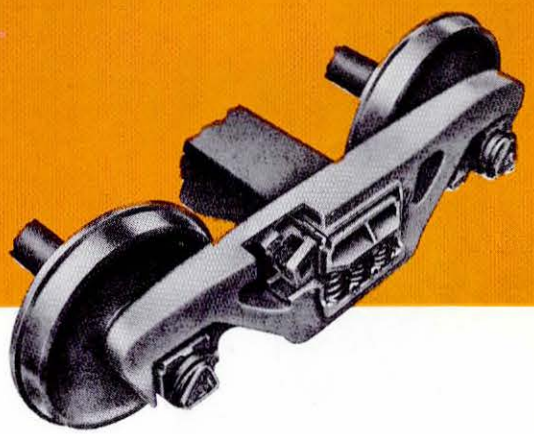

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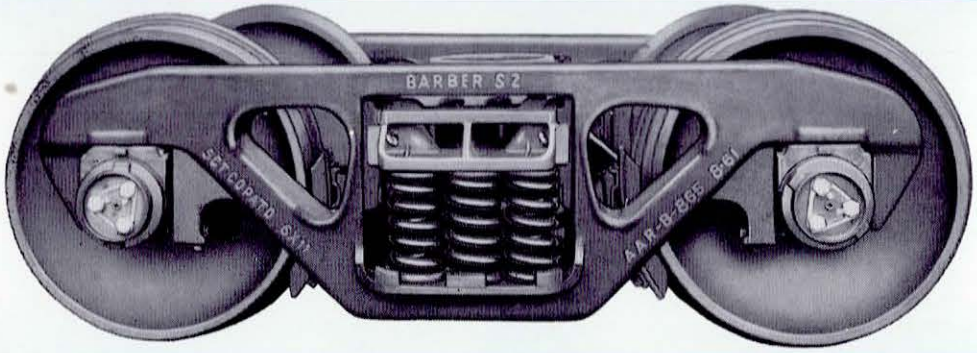

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BY GUS WELTY

● **The white knights of railroading** are the marketing men—and well they might be.

Their job shapes up as the biggest specific job in railroading. Their responsibilities toward the industry and its future may rank second only to those of the chief executives. Their performance can in large part determine the form tomorrow's railroading will take.

As marketing men see it, the over-all goal of railroad business-development is sometimes too simply stated. The goal, they say, is not merely greater market penetration in terms of traffic-units. The goal is greater market penetration in terms of total dollars spent for transportation.

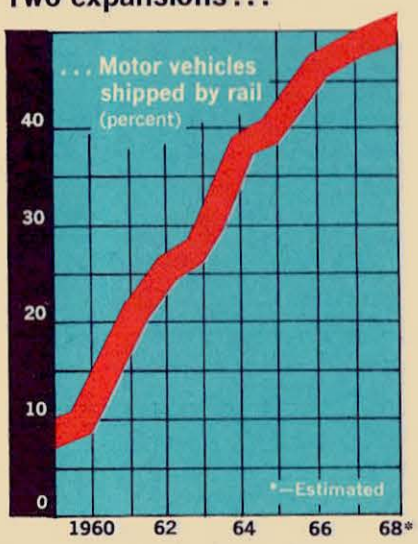
● **How do railroads stand,** in the here and now, as participants in transportation? The traditional measure is the ton-mile division of intercity freight business, and by this measure, railroads stand strong. Their share of the market has slipped and is slipping, but among regulated carriers the railroad is still No. 1.

Transportation analysts, however, argue that this measure is less than accurate. It distorts the picture, they say. It inflates railroad market participation. Worst of all, it may lead to the determination of false or inadequate marketing goals.

● **These analysts prefer to talk money.** And in money-terms, railroads come off poorly—so poorly that today's generation might be forgiven for wondering if a railroad "monopoly" ever really existed.

As the 1960s began, railroads were getting about 18%

Rail markets: Two expansions . . .



be gained by chopping the present rail rate structure down to manageable and meaningful size, but the pricing of rail service is probably not the heart of the rail marketing problem.

● **Some say that speed is the key.** It's been demonstrated that motor carriers are showing increasing long-haul capability and getting increasing long-haul business. For certain markets, a shortening of delivery time would indeed help to bring new revenue dollars to the railroads. But several things have to be remembered: (1) Speed is relative, and no shipper will pay for more speed than he needs; (2) railroads are already speed-competitive in many market areas; (3) the development of high-capacity air-freight service, when it comes, will leave speed-selling surface carriers with a less-impressive story to tell; and (4) unless or until rail systems merge down to a minimum number, shipment speed will continue to depend upon interline action—that is, it will do Road A little good to run fast, 60-car freight trains to an interchange point if Road B holds until it can dispatch a 180-car train.

● **Of greater importance is the customer-cost** associated with transportation reliability/unreliability. And it's in this area that railroads may have their greatest opportunity for market penetration and growth—though the present record is not one to generate overpowering optimism.

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RAILWAY AGE
THE TRANSPORTATION WEEKLY

TOMORROW'S RAILROADS

NO. 2
THE MARKET

Continuing a 12-part exploration of what can and must be done to create the 21st century railroad . . . the 21st century transportation system

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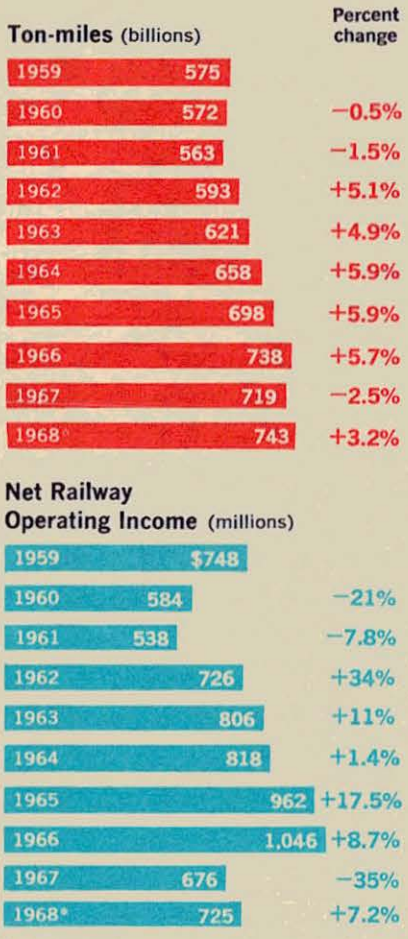
As the 1960s began, railroads were getting about 18%

of all the dollars spent for freight transportation, by all modes, regulated and unregulated. Latest available figures for 1968 indicate that the industry's participation has dropped to about 13.5%.

If the transportation-dollar universe is reduced to rail-vs-highway terms, similar slippage is evident. In 1960, railroads got 21% of the dollars spent. Estimates for 1968 put their share at about 15.5%.

Rail traffic—an impact study



*—Estimated

"In money terms, railroads come off poorly."

● **These figures are perhaps the real measure** of the challenge facing railroad marketing. These figures—not the ton-mile statistics—are the ones marketing men worry about in trying to plan industry growth.

One concerned marketing officer sums it up this way: "It's fine to talk about GNP projections, and about how railroad traffic will increase tremendously if we only maintain our present ton-mile 'share.' But then you look at the dollar-share. And, frankly, you sometimes wonder if it can be worthwhile to maintain an enterprise of the scale of the railroad industry, when you're getting so little of the business."

The comment is a sobering one. But it, like observations from other sources, is more an admission and acceptance of the challenge than it is a reflection of underlying pessimism.

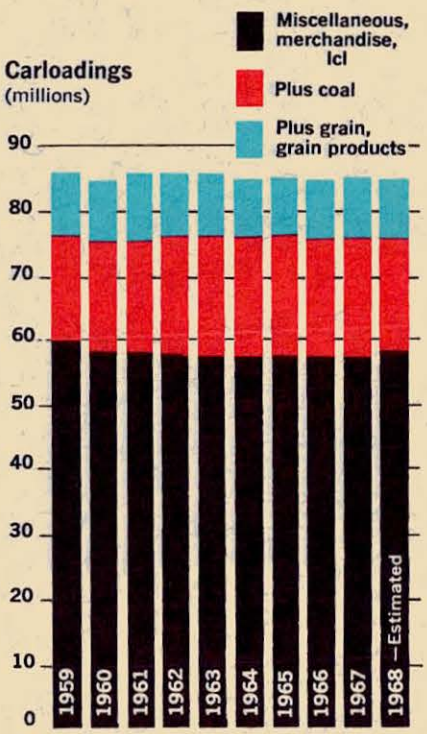
● **Marketing has been defined** as the identification of what the customer needs, followed by the creation of a product or service to meet that need within the restraint called profitability. It's not an easy job, to be a successful marketing man in transportation. But, as the traffic manager of one major shipper has pointed out, it's not

really so difficult as it might be if railroads were selling soap or cereal or soft drinks.

In product marketing, this shipper reminds, the average industry often has to spend much money, time and research effort in trying to find the exact form of product-and-packaging which the consumer will buy. Much more goes into consumer marketing than merely the usefulness of the product. Matters of taste and convenience and appearance must be considered. Wrong guesses can be disastrously expensive.

But in transportation? In transportation "everything is measured by cold, hard realities—utility, cost, service, reliability, protection of property, and speed. There is no room for selling gimmicks, and no need for guesswork."

For railroads—what kind of traffic?



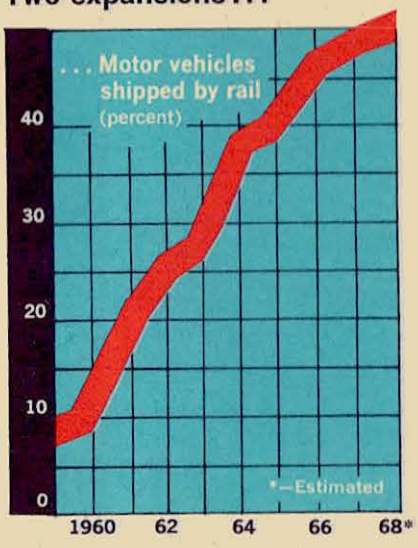
"The goal is not merely greater market penetration in terms of traffic units. The goal is greater market penetration in terms of total dollars spent for transportation."

● **Even more to transportation's advantage** may be the close and direct relationships built up between carrier and customer, over months and years. The consumer-product marketing man can rely on surveys and test-marketing and hunches. The transportation marketing man can lean on facts and on estimates which should be considerably more precise.

What's the logical approach to putting transportation's marketing advantages to work? For railroads, it's been suggested, the approach to greater market penetration starts with the customer's costs—those costs associated with the rate itself and those related to performance of the transportation function.

It can be argued with some validity that rates, as such, are not a real problem. Even with the recent increases, rail rates are still generally lower than competitors' rates, for the service rendered. Many advantages might

Rail markets: Two expansions . . .



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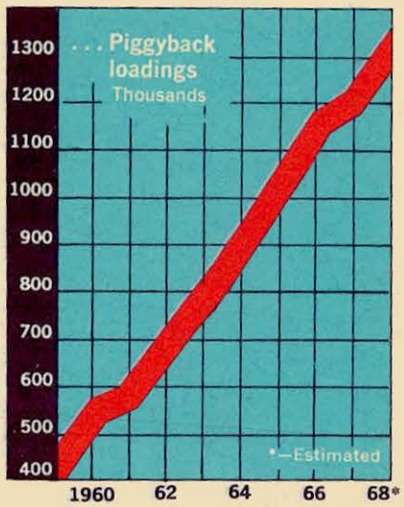
salers trying to be retailers. One top marketing officer finds it rather bemusing, that "railroad speed/reliability factors—regular-as-clockwork movements—have really been applied in the one area where the customer generally couldn't care less—in moving unit-train coal, so it can be dumped and stored and then, sometime, burned."

The problem is that railroads have to be schizophrenic: Their viability depends upon being both wholesaler and retailer. But history and tradition have inclined the industry toward greater competence in the former than in the latter kind of operation.



"Marketing is not really so difficult as it might be if railroads were selling soap or cereal or soft drinks."

● **Market patterns seem to indicate** that railroads will continue to do well as volume-haulers. Coal is mined, ore is mined or imported, grain is grown only in certain locations. The industrialization and urbanization of the United States and the development of domestic and import/export trade patterns have established the consuming markets. And railroads do a great job with this high-tonnage traffic.

The retail part of the business is the worrisome part—and the figures are less than encouraging. Under the pre-1969 method of measuring rail traffic, it was possible to get a two-part gauge of rail loadings in the general-commodity area—miscellaneous, plus merchandise, l.c.l. During the 1960s, this kind of business has accounted for roughly 56% of total car-loadings. Year to year, the percentage has varied little.

For marketing men, however, worry begins when rail movement of general-commodity traffic is indexed alongside the Federal Reserve index of industrial production-manufactures. With the 1957-59 period pegged at 100,

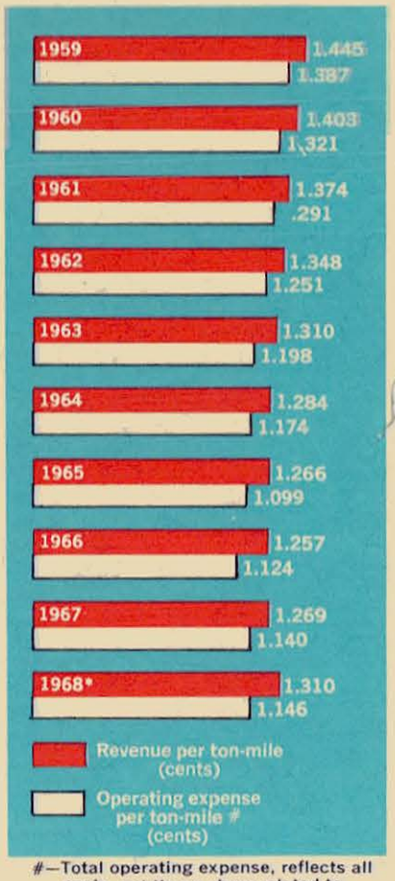
dilute the industry's basic competitive effectiveness.

The president of one major railroad puts it this way: "The railroad industry has got to stop producing 'railroad service' and start producing customer service. . . . Providing and properly pricing new service is not easy. Railroads are not used to doing it. But if a drug company insisted on making the same old pills that they made 50 years ago simply because they cost less to produce than new kinds of pills, it wouldn't be much of a competitor to today's pharmaceutical companies."

● **There is debate,** inside and outside the industry, as to the place profitability should assume in planning. Logically, profit is the goal of any private business enterprise. In transportation, however, a case can be made for service as the No. 1 objective—with profitability acting as a collar-and-leash on the ways in which service is developed. In any event, profitability is hardly something which transportation's customers should fear—because the best service, reason says, should come from well-financed, profitable and competitive transportation companies.

In marketing, as nowhere else, the twin themes of service and profit come together. Service is the way to profit—and based on the goals of at least one marketing man, the service will be superb: "What profitability are we aiming for? You get 4½% or 5% at a bank or a savings-and-loan. Look where the prime-rate is. Railroads made 2.6% last year. And what's our goal? Let's say 10%. We can make it."

The revenue/expense squeeze: Slight progress



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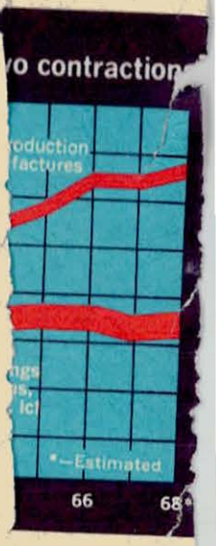

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COMING MARCH 17
PART 3:

THE POWER AND THE EQUIPMENT THAT TOMORROW'S RAILROADS WILL BE USING

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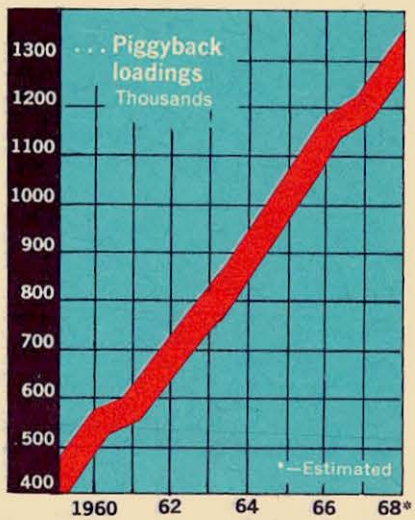

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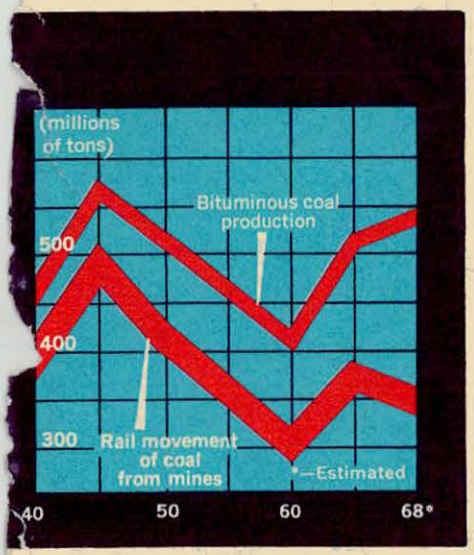
rail loadings index out at 87 for last year—while the production index stands at 167. Rail business is down, in the absolute. It's down, sharply, in comparison with manufacturing industries' growth.

While industrial production has been climbing steeply, rail volume has not quite kept even with itself.

● **What can railroads do to reverse the trend?** Part of the answer lies in hardware—improvement of power and equipment (Tomorrow's Railroads No. 3, March) and improvement of the plant (TR No. 4, April). Another part lies in improvement of performance quality as management firms up its grip on the enterprise. Still another part lies in the actions of others—in labor and government, principally. All of these elements will be explored in Tomorrow's Railroads studies. But first comes the market and the potential market—because if there is no practical way to market-penetrate, then discussions of power or equipment or plant or management or labor or government become somewhat academic.

● **One rather common explanation** of the industry's marketing difficulties could be summed up in the words of an old-line traffic man: "Operating departments still run the show." Top marketing men aren't trapped by such over-simplification: "I wish it were that easy," one says. And the fact is that top operating officers, almost without exception, deserve no such indictment for business slippage. Indictments should be laid not on people but on time-honored but time-worn and time-weary operating practices which do not reflect today's—or tomorrow's—service needs.

● **Marketing men wince,** when traditional measures of



While coal production has gained 85 million tons since 1940, rail movement is off by 30 million tons.

operating efficiency are discussed: They're concerned with standards of service—and they question the level of service that will be provided if operating men are judged by some standard of production such as ton-miles per train-hour.

Marketing men also question the uses made of some of the industry's technological advances: They're concerned, for instance, that expensive computer/communications systems are being applied more to explain operating problems than to root them out and destroy them.

By and large, however, railroad marketing people maintain a remarkable kind of optimism—within certain limits related to the time in which market improvement should begin to show itself. They think they know how much business railroads could be getting, in dollar terms. Some of them are putting rather short time-limits on performance—five years, one says, may determine the orientation of tomorrow's railroads and the success which they are likely to have.

Marketing men also show a remarkable confidence regarding the industry's ability to compete—if improved market information can be made available, and if the railroad product can be restructured with the kind of reliability which the customer demands.

● **A number of old concepts may have to fall,** before railroads can show to full advantage. There is still, in some quarters, a lingering theory that if volume is maximized profit will take care of itself. There is still a theory that railroads are obliged to equalize shippers' market opportunities. There is still a National Transportation Policy on the books, with enough ambiguities in it to

dilute the industry's basic competitive effectiveness.

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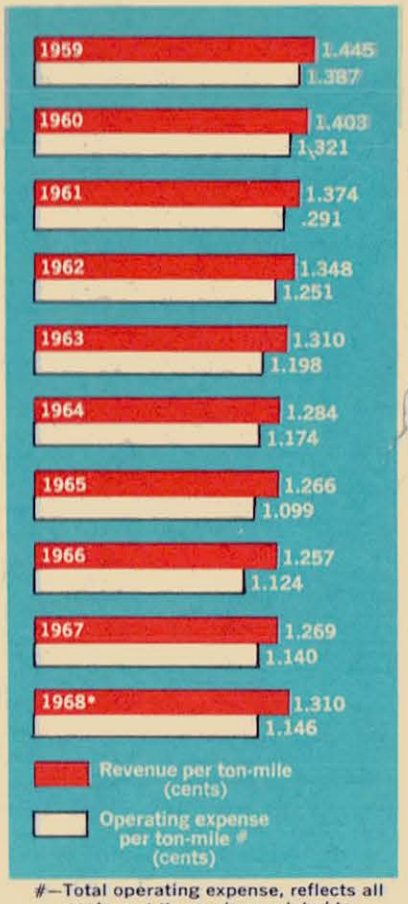

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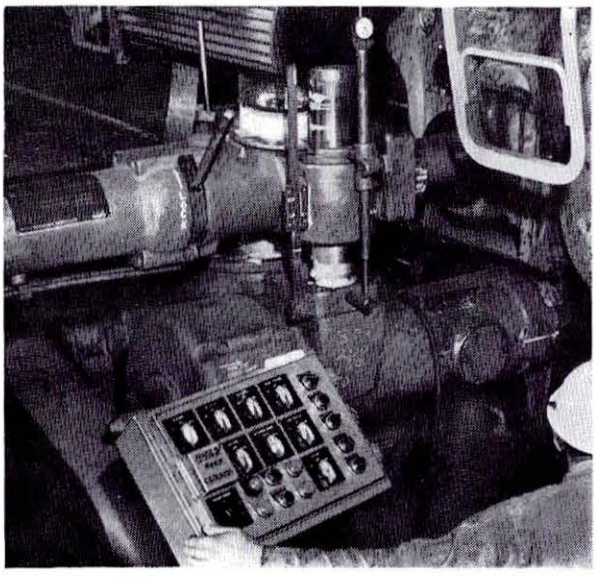
Right here.

Invest in a Standard Wheel Truing Machine —then watch your savings mount up!



Where do the savings come from? Less time. Less labor. Less-out-of service time. The Standard Wheel Truing Machine permits four or five reconditioning operations per wheel, not three. A true milling machine, it does not have to cut as deeply as lathe tools.

What will your savings amount to? One railroad that kept careful records found the Standard Wheel Truing Machine returned 23.64% of its cost in the first year on the job. Who knows? Perhaps you can do better! One thing sure: You can do no better than to talk with your Standard representative.

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Sometimes, even something we make stops working.

Sometimes it's our fault. Sometimes it's your fault. And, sometimes it's nobody's fault. That's why every industry has warranties.

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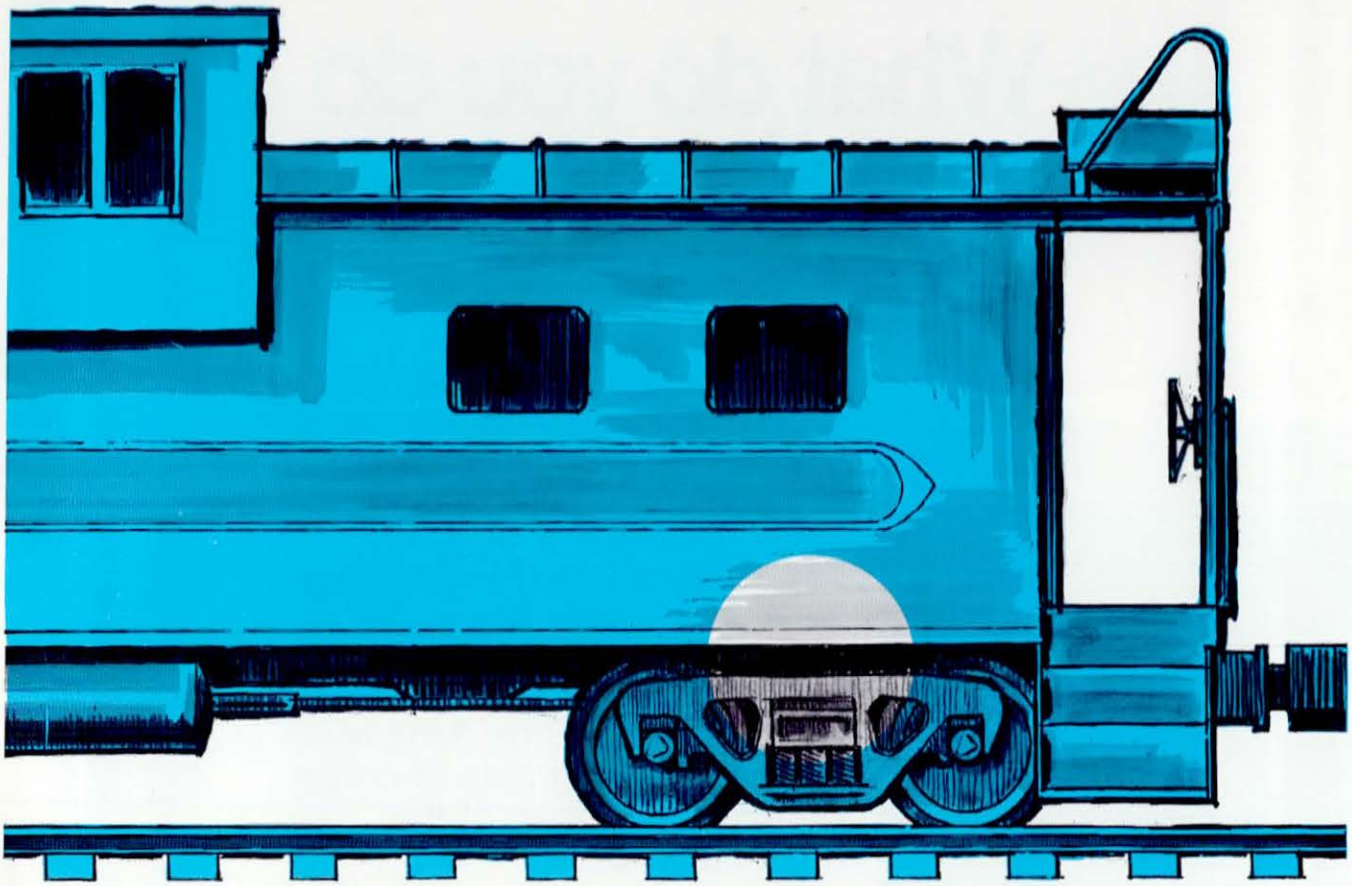
How can a crew go first-class in a caboose?

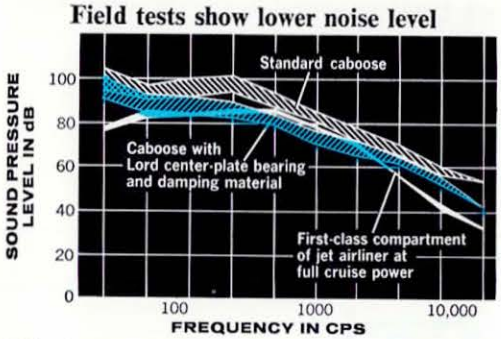


Lord knows.

Now a caboose can be quieter than the first-class compartment of a jet airliner.

Here's proof:

Field tests show lower noise level



This dramatic noise reduction results from two Lord innovations: a new center-plate bearing, and structural damping material.

The bearing (shown here) is a bonded rubber-and-steel lamination installed in the center-plate. It isolates the caboose body from track and truck vibrations. Cushions annoying and fatiguing floor vibrations. Accommodates relative motion without lubrication or wear.

New laminated center-plate bearing.

Lord damping material applied to panel surfaces will often lower sound levels even more. Such damping is extremely valuable in curtailing noises resulting from vibration-excited panel resonances.

So now your caboose interiors can be quiet. So quiet that conversation and radio communication can be carried on in normal tones. So quiet that crew comfort and efficiency get a boost.

To add "first-class quiet" to your cabooses, call or write: *Railroad Products Group, Lord Manufacturing Company, Division of Lord Corporation, Erie, Pa. 16512.*

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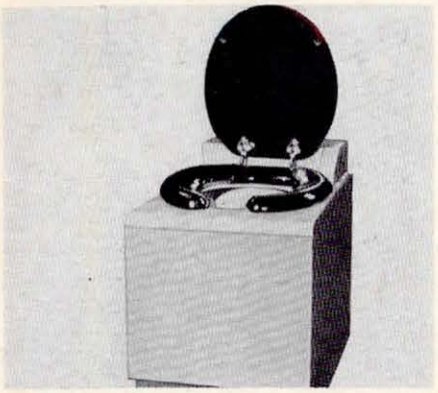
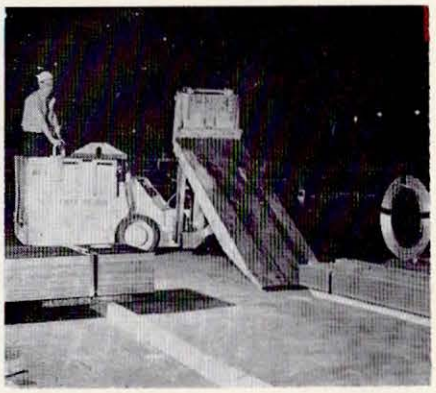
NEW PRODUCTS REPORT



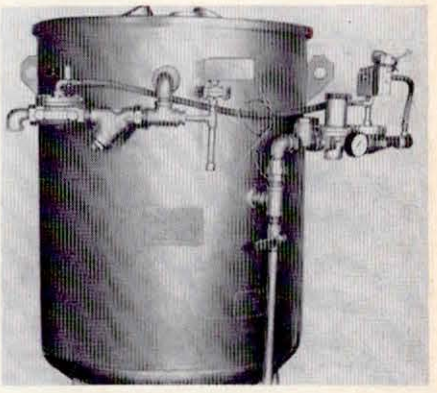
Combustion toilet (RA-1)

The Rail-Head combustion toilet for locomotives operates from a control box mounted on the wall. It makes direct use of utilities such as diesel fuel, traction motor air, plus a small amount of reservoir air. The unit operates with the simplicity of a water-hopper type toilet, without discharging raw waste onto rights of way. Absence of rotating parts and most electrical components frees the hopper, so it may be hosed down like an ordinary water hopper. A small amount of traction motor air is used to develop the forced draft that exhausts incinerated waste into the atmosphere. Vent outlets can be furnished in several styles to meet locomotive requirements. The unit is said to require no attention except at three-month intervals, coinciding with regular 90-day locomotive inspections. *La-Mere Industries, Inc.*



Industrial truck (RA-2)

This special 30,000-lb-capacity truck is said to simplify spotting long loads of sheet metal in box cars. A hydraulic lift mechanism on a trailer coupled to front of truck permits operator to raise rear of trailer bed, allowing load to slide off. With the drawbar arrangement between truck and trailer the two units can angle as much as 90 deg, thus facilitating the maneuvering of long loads despite narrow widths. *Elwell-Parker Electric Co.*



Conveying unit (RA-3)

A compact, packaged pneumatic conveying unit has been designed to handle sand at a maximum rate of 5 tons per hr with vertical lift of up to 60 ft. The device, 42 in. high and with a diameter of 24½ in., has a storage compartment which is fed by gravity. As sand is required, air is admitted to the pressure chamber, causing flow to the site of use. When the required tonnage has been conveyed, the unit automatically shuts down. *Impco Products.*

Control head (RA-4)

A new ratio communication control head, model 19CA-1, is designed for use in either locomotive or caboose operation. The new unit is contained in a rugged die cast housing and is designed to provide two outstanding operator convenience features: an easily accessible hand set mounted on the front of the unit with a positive gripping hang-up feature, and an operator-controlled pilot light dimmer. *WABCO Signal & Communications Div.*

Car spotter (RA-5)

A new car spotter, developed to eliminate many causes of loading delays, features design simplicity with hydraulic power. Its track mechanism consists of a pair of barney units, each operated by a single-acting hydraulic cylinder. The cylinders, staggered so that their strokes overlap slightly and are widely adjustable for use with cars of different lengths, can deliver a propelling action over the full length of the track unit. Power is supplied by an oil heat exchanger on a separate base equipped with sled runners for easy movement. The spotter is available in several models, with tractive efforts ranging from 20,000 to 40,000 lb. It is said to be almost as easy to install as a common rope hoist. It can be used at permanent or temporary loading sites. *W. R. Stamler Corp.*

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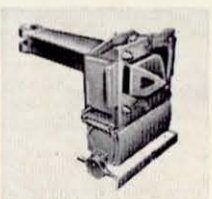
SW 800® FULLY AUTOMATIC COUPLINGS

Photographed aboard Penn Central's new Metroliner running between New York and Washington.

Look ... He's Coupling Automatically In The Comfort Of His Cab



No railroad with an eye to the full potential of automation should overlook the benefits provided by Symington's SW 800 Couplings—the first truly automatic coupling for ultra high-speed main line, MU, and commuter passenger service trains.

From his seat in the cab, the train operator simply brings the cars together and all mechanical, electrical and air connections are made rapidly and in sequence. And this system is completely flexible. It can be tailored to meet the exact requirements of the operators of the equipment.

What advantages do SW 800 Couplings offer? True tightlock and interlocking, an optional centering device, visual indication to cab and ground of a complete and correct coupling and manual override of controls to name a few. In case of emergencies it can be uncoupled manually from the ground. Most important, it provides maximum utilization and speeds up service.

If you'd like to move ahead to greater automation we'd like to tell you more about SW 800 Couplings.

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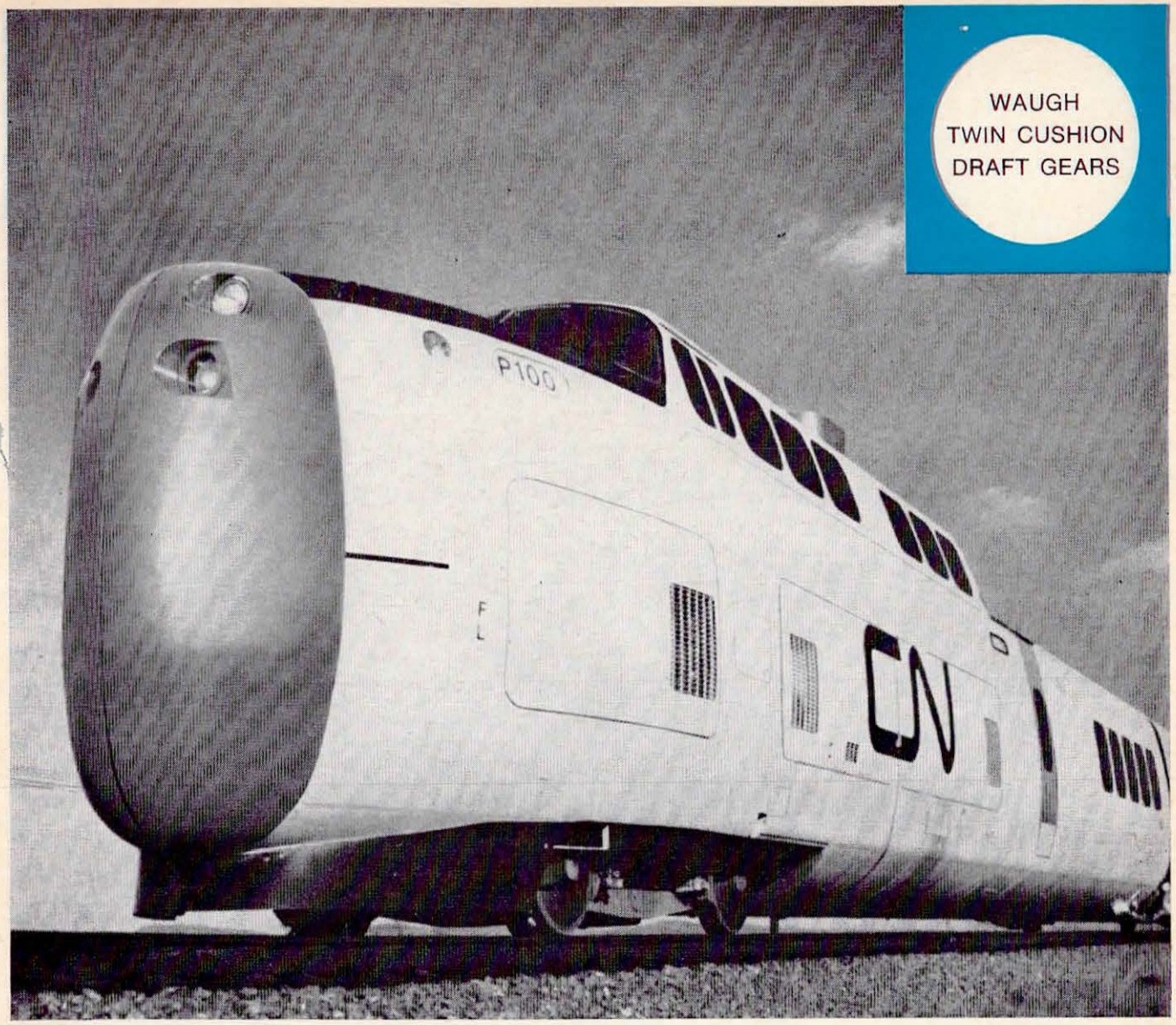
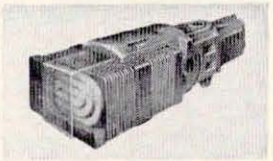


Waugh Twin Cushion Draft Gears Continue To Prove Themselves In Fast Company



If you judge the quality of a product by the company it keeps then be assured that Waugh Twin Cushion Draft Gears are traveling with the best.

Many of our good Canadian neighbors have been using them for years and now Canadian National has them in the new high-speed Turbos. In the U.S.A. Penn Central's Metroliner Cars and the new Long Island Commuter Cars are equipped with Waugh Twin Cushion Gears.

And the list of satisfied customers goes on.

Waugh Draft Gears continue to prove themselves by providing effective, silent control of shocks on every major commuter line. No wonder builders and operators with an eye on speed and the future consistently include Waugh in their plans.

If you have high speed passenger and transit equipment presently in service or on the drawing board, get the full Waugh Twin Cushion Draft Gear story now.

If it rolls on rails specify **WAUGH**

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THE PERSONNEL TEAM . . . on Chicago & North Western is represented by the four directors surrounding Vice President-Personnel R. W. Russell. Left to right are C. E. Pitts, employment; R. L. Wilson, personnel services; J. D. Lines, training; and B. R. Stewart, evaluation and appraisal.

New personnel team brings out the best in C&NW's men

C&NW TRAINING PROGRAMS . . . are being expanded rapidly to touch almost every personnel area. Here, Director of Training J. D. Lines heads up one of the classes North Western is operating for men who, upon completion of the course, will be appointed assistant trainmasters.

People, the usual corporate cliche says, "are our most important asset."

Chicago & North Western, however, isn't a "usual" corporation—and C&NW's personnel department aims to do a bit of cliche-twisting. It works this way:

—People continue to be the railroad's No. 1 asset. But the railroad will know its people better, know their capabilities and their potentials better. The aim: Maximum utilization of human resources.

—At the same time, people may find that C&NW is *their* most important asset, in a way that goes well beyond the immediacies of paycheck and pension. The aim: Development of a system which not only allows but actively encourages people to take full advantage of their capabilities and potentials.

● **New ideas, new team.** The team which North Western has assembled to carry out this program is as new as the concept. Vice President-Personnel R. W. Russell is a 20-year C&NW man—but he's a graduate of the law department, a former general solicitor for North Western, not a man who came up the personnel side. Until about a year and a half ago, three of Russell's top aides—Employment Director C. E. Pitts, Training Director J. D. Lines and Evaluation and Appraisal Director B. R. Stewart—drew their paychecks from Southern. A fourth man, Personnel Services Director R. L. Wilson, came at about the same time from the U. S. Steel roads.

The staffing reflects a departure from C&NW's historical situation. It points up a fact North Western people will quickly concede—that by modern industrial standards, the railroad had had no substantial personnel function. It had a well-organized labor-relations function—but no real, effectively-working personnel operation.

If there is a single word that could be used to describe the new C&NW setup, it's "discipline"—defined two ways, as a process designed to develop self-control, character, orderliness and efficiency, and as the results of that development process.

● **How "service" is applied.** Russell's

department is, of course, a service department. But it's no bland kind of operation, providing help only as requested. Other departments on the railroad, for instance, must use the services of Ed Pitts' employment staff. The performance-and-potential appraisals set up by Bruce Stewart must be conducted at regular intervals, and the results must be reported. Over in the training area headed by John Lines, certain programs are mandatory, others involve options. And in Bob Wilson's personnel-services function, there is more of the same: Policies set forth in North Western's open-end personnel policy manual are meant to be followed. But in such areas as departmental organization and structure, Wilson's role is to counsel and advise, to find out what a department head needs and wants and then to help him get it.

Is the over-all program working? To a man, Russell and his directors agree that it is. Personnel people have been able to prove the value of their service to line managers. And the rapport between personnel and top management could be described only as excellent: Russell and his staff are well aware of the kind of programs President Larry S. Provo wants established—and they [illegible] to meet the need.

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"To create a customer"

"What the customer thinks he is buying," says Peter Drucker, "what he considers 'value,' is decisive. It determines what a business is, what it produces, *and whether it will prosper.*"

A business has one valid definition of purpose, Drucker says: "to create a customer."

Railroads may be the only surviving businesses that defy this principle. Their customers, for the most part, were created some time ago. And far from being customers in the usual sense, many shippers have officers and staffs whose primary purpose is to badger railroads for adequate car supply and for expedited car movement. In what other area of business can you find this topsy-turvy company-customer relationship?

If Drucker's principle is right and admits of no exception, then the railroads, Mr. Drucker would seem to be saying, have no purpose and no basis for continuing to exist.

Of course, not all railroads treat all customers poorly, by any means. One railroad with a reputation of dedication to customer needs is the Frisco. While earning this reputation, its costs have gone up. But so have its car-miles per car-day, and its gross, and its net—all in a period when most roads have not enjoyed such growth statistics (except the increased costs).

Hardly anyone ships exclusively on the Frisco. If its performance were matched by its connections think of how the whole favorable trend might spread and accelerate!

That the railroads *can* "create a customer" has been amply proved by piggyback and new automobile services. Both involve important growth areas.

One of the fascinating things about customers right now is the way their numbers and their needs are due to explode. I hope nobody missed this point in the first of our Tomorrow's Railroads series (RA, Jan. 27). Widely accepted projections for growth of population and of gross national product in the next couple of decades will generate transportation requirements far in excess of the capacity of today's total transport plant. The mode that plans now for that growth, it seems to this observer, is the one that will dominate the great transport market of the near future.

It was the foresight of A. J. Cassatt back in the first years of this century that created a physical plant for the Pennsylvania that enabled it to meet transport requirements as they grew, and to prosper through the following decades. It was the work undertaken in his administration that merited the Pennsylvania's slogan, the Standard Railroad of the World.

There are no Cassatts in the forefront of the industry today, and even if there were, they would be hard put to attract capital for expansion at a time when emphasis is on contraction to fit today's modest needs, rather than on planning its restructure for tomorrow's bright prospects.

Can the railroads be made attractive to the money market? Service, and car utilization offer, it seems to me, a two-edged sword at the railroad's easy reach. A reciprocal of better service is better car utilization. So the means to attract more traffic from present customers, and to attract new customers, is also the means to achieve better utilization of equipment—and plant, too— hence reduced unit costs and greater profitability.

Maybe I make it look too simple. Of course it is not simple, and the need to control expenses to the detriment of service and car supply may sometimes be overbearing. There are these considerations to ponder, however: (1) the next thirty years promise heretofore unmatched growth in total transport needs; (2) the agency of transport which prepares for these future needs is the one which stands to gain the most, and (3) no presently available mode of transport can compare with the railroads in efficiency—potential at least—for movement of tonnage per unit of manpower, or in efficiency of land use. The latter factor is one which will be an increasing restraint to growth of air and highway transport whose land requirements increase, compared to those of the railway, disproportionately to the increase in traffic. The railroads' ownership of great strips of linear real estate may be their single greatest asset.

So how do the railroads get ready to assure the lead role in future transport requirements? Maybe it is a great oversimplification, or too idealistic, but the tack would seem to be to start now to concentrate on the customer, to increase profitability and make the railroads attractive to capital for the necessary restructure to meet the traffic requirements of the not-too-distant future.

—Robert G. Lewis

This conditional sale agreement having been placed privately, this advertisement appears as a matter of record only.

NEW ISSUE

$9,990,000

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Circle 18 on coupon page 29

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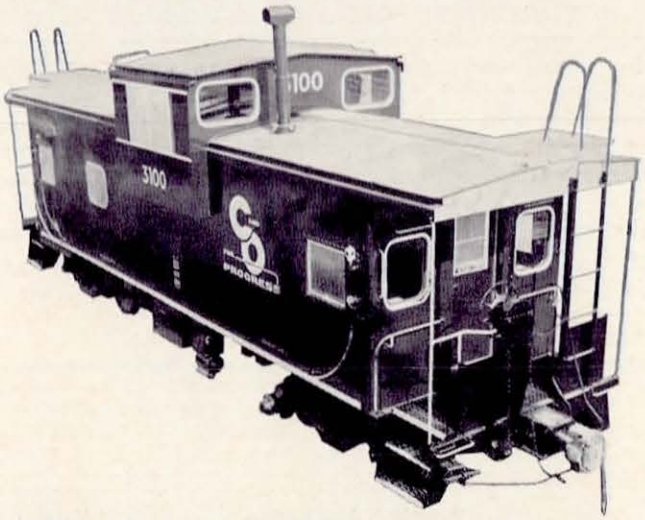

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Circle 13 on coupon page 29

Frank J. Conrad
MP-T&P

Joseph A. Austin
MP-T&P

PEOPLE

ILLINOIS CENTRAL INDUSTRIES, INC.-ABEX CORP.—Effective with the merger of ICI and Abex, **William B. Johnson** elected chairman of ICI, in addition to his position as president and chief executive officer. **Kempton Dunn,** formerly chairman of Abex, elected vice chairman of ICI and chairman of the executive committee, Abex. **William T. Kelly, Jr.,** former president of Abex, elected chairman and chief executive officer, Abex. **Thomas W. Russell, Jr.,** first vice president, Abex, succeeds Mr. Kelly.

ILLINOIS CENTRAL INDUSTRIES, INC. Stanley E. G. Hillman elected senior vice president, planning and administration; **Robert Mitten,** vice president and general counsel; **George K. Weigel,** vice president finance; **Albert B. Huttig,** vice president and treasurer; **John M. Trissal,** vice president real estate; **Bryce C. Boothby,** vice president and secretary; **Robert S. Kirby,** assistant general counsel and assistant secretary; **John P. Fagan,** assistant treasurer.

Fred W. Sander named to the newly created position of manager of planning. He was formerly planning economist, **Corporate Planning Department, General American Transportation Corp.**

MISSOURI PACIFIC-TEXAS & PACIFIC.—Frank J. Conrad, vice president-traffic, elected senior vice president, effective Feb. 1. **Joseph A. Austin,** assistant vice president-traffic, elected to succeed Mr. Conrad.

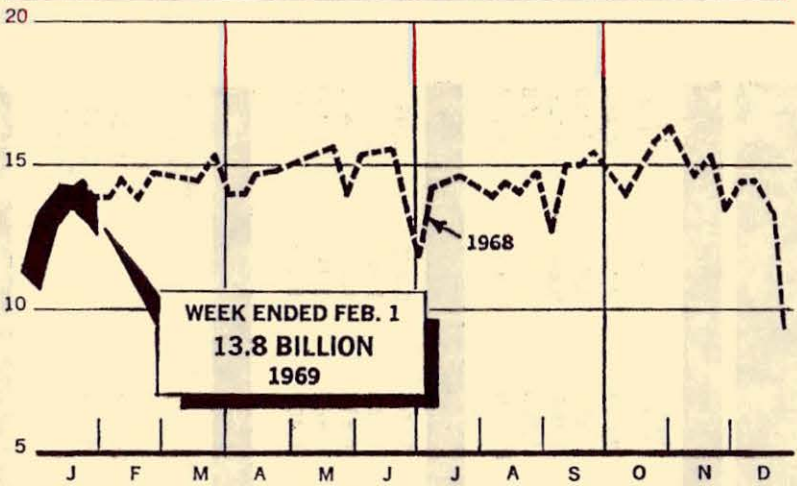
John W. Wheadon appointed manager-coal rates, and **James L. Stanislaus** named manager-coal sales and service, both at St. Louis. **Charles L. Walker,** traffic representative, Miami, named general agent, Lake Charles, La.

ROCK ISLAND.—Has reorganized and expanded its piggyback sales department. **Joseph H. Schuetter** named to the newly created position of assistant general manager, Chicago. Heading new sales divisions are **Carl E. Keipper,** named eastern division manager, Cleveland; **Joseph K. Mershon,** appointed western division manager, Kansas City; **Howard E. Bone,** named southern division manager, Memphis. At Chicago, **Dennis E. Woodhurst**

(Continued on page 41)

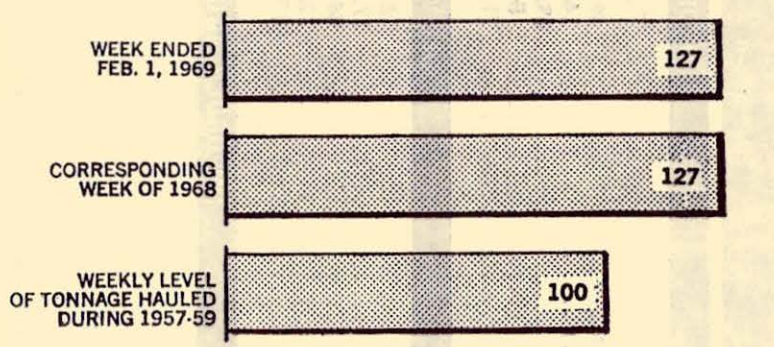
RAIL FREIGHT TRAFFIC TRENDS

BILLION TON MILES (Estimated)



Source: Association of American Railroads

INDEX OF INTERCITY TRUCK TONNAGE



Source: American Trucking Associations.

Current Statistics

Net income, Class I roads	
Nine months, 1968	$386,000,000
Nine months, 1967	342,200,000
New freight cars on order	
Jan. 1, 1969	31,735
Jan. 1, 1968	24,534
New Freight cars delivered	
12 mos., 1968	56,232
12 mos., 1967	83,095
Serviceable cars	
Jan. 1, 1969	1,382,624
Jan. 1, 1968	1,405,832

FREIGHT-TRAIN CARS ORDERED AND DELIVERED

(All railroads and private car lines)

ORDERED

	12 MOS. 1968	12 MOS. 1967	DEC. 1968	NOV. 1968	DEC. 1967
To be built new by car builders	**49,386**	38,489	7,039	7,841	4,450
To be built new in railroad shops	**14,170**	15,235	2,317	1,800	3,759
To be built new—total	**63,556**	53,724	9,356	9,641	8,209
To be rebuilt	**8,107**	16,287	1,000	1,000	1,108
Total Ordered	**71,663**	70,551	10,356	10,641	9,317

DELIVERED

Built new by car builders	**38,961**	64,775	3,706	2,670	3,987
Built new in railroad shops	**17,271**	18,320	830	1,427	1,496
Built new—total	**56,232**	83,095	4,536	4,097	5,483
Rebuilt	**12,604**	17,086	865	1,106	1,789
Total Delivered	**68,836**	100,181	5,401	5,203	7,272

ON ORDER AND UNDELIVERED

	JAN. 1, 1969	DEC. 1, 1968	JAN. 1, 1968
To be built new by car builders	**24,535**	21,221	14,173
To be built new in railroad shops	**7,200**	5,713	10,361
To be built new—total	**31,735**	26,934	24,534
To be rebuilt	**4,624**	4,489	9,121
Total on Order	**36,359**	31,423	33,655

Source: Association of American Railroads and American Railway Car Institute.

MARKET OUTLOOK

CARLOADINGS

Loadings of revenue freight in the week ended Feb. 8 totaled 508,733 cars, the Association of American Railroads announced on Feb. 14. This was an increase of 3,542 cars, or 0.7%, compared with the previous week; an increase of 2,785 cars, or 0.6%, compared with the corresponding week last year; and an increase of 9,045 cars, or 1.8%, compared with the equivalent 1967 week. Ton-miles generated by carloadings in the week ended Feb. 8 are estimated at 14.0 billion, an increase of 1.1% above the corresponding week of 1968, and 6.0% above the 1967 week.

REVENUE FREIGHT CARLOADINGS

Commodity	Feb. 1 week	Preceding week	Per cent change
Grain	16,906	20,119	—16.0
Farm products	17,149	18,591	— 7.8
Metallic ores	16,554	14,979	+10.5
Coal	100,388	99,871	+ 0.5
Crushed stone, gravel & sand	21,030	21,536	— 2.3
Nonmetallic minerals	9,444	9,365	+ 0.8
Grain mill products	20,131	20,398	— 1.3
Food & kindred products	25,456	25,737	— 1.1
Primary forest products	22,807	23,217	— 1.8
Lumber & wood products (except furniture)	12,866	14,780	—13.0
Pulp, paper & allied products	25,307	24,516	+ 3.2
Chemicals & allied products	29,162	28,287	+ 3.1
Petroleum products	12,524	12,782	— 2.0
Stone, clay & glass products	18,583	18,661	— 0.4
Coke	7,746	7,490	+ 3.4
Metals & products	29,401	28,745	+ 2.3
Motor vehicles & equipment	23,628	24,855	— 4.9
Waste & scrap materials	14,064	14,691	— 4.3
Forwarder & shipper association traffic	6,910	6,316	+ 9.4
All other carloads	73,155	73,204	—0.07
LCL traffic	1,980	2,191	— 9.6
Total cars loaded	505,191	510,331	— 1.0

CUMULATIVE TOTAL, FIVE WEEKS	1969	1968	1967
	2,449,498	2,443,790	2,568,690

PIGGYBACK CARLOADINGS

U. S. piggyback loadings for the week ended Feb. 1 totaled 25,958 cars, carrying 42,476 trailers, campared with 25,188 cars, carrying 40,993 trailers, in the corresponding 1968 week. Loadings for 1969 up to Feb. 1 totaled 116,096 cars, carrying 189,655 trailers, compared with 113,977 cars, carrying 187,143 trailers, in the corresponding period of 1968.

IN CANADA

Cumulative totals	Revenue Cars Loaded	Total Cars Rec'd from Connections
Jan. 21, 1969	184,446	63,255
Jan. 21, 1968	176,295	62,366

FREIGHT-TRAIN CARS

● *Great Northern.*—Ordered 125 60½-ft, 100-ton, 6,420-cu-ft-capacity wood chip cars from Ortner for delivery beginning in second-quarter 1969; and 20 61½-ft, 77-ton flat cars from Maxson Corp. The flat cars, which will be used in hauling components of Boeing 747 jets, will be equipped with 3/8-in. steel decking and FreightMaster cushioning devices. Ten cars will be 11½ ft in width, six will be 10 ft, 9 in., and four will be 10½ ft. Deliveries are scheduled for June and July.

CAR OWNERSHIP

● *Serviceable cars.*—Revenue freight cars in serviceable condition owned by Class I railroads on Jan. 1 totaled 1,382,624, compared with 1,405,832 on Jan. 1, 1968, according to most recent AAR Car Service Division report. Estimated total ownership of all railroad- and privately-owned freight cars on Jan. 1 (see table below), was 1,798,088 (average capacity: 64.34 tons), compared with 1,820,145 (average capacity: 62.85 tons), on Jan. 1, 1968.

ESTIMATED OWNERSHIP—ALL REVENUE FREIGHT CARS

(Jan. 1, 1969 vs. Jan. 1, 1968)

		Box	Covered Hopper	Gondola	Hopper	Flat	Refrig.	All Others	Total
Class I	1969	550,844	122,566	197,087	410,508	68,558	52,535	56,122	1,458,220
	1968	566,273	118,960	200,096	419,298	66,996	51,705	58,833	1,482,161
RRO&C Refrig.*	1969	0	0	0	0	0	47,223	0	47,223
	1968	0	0	0	0	0	51,400	0	51,400
Private	1969	1,196	771	3,479	29,316	43,802	16,637	173,400	268,601
	1968	1,469	28,100	292	2,828	40,936	14,264	172,129	260,018
Class II & S&T†	1969	8,067	4,863	7,934	769	0	570	1,841	24,044
	1968	9,298	893	5,277	8,668	649	687	1,094	26,566
GRAND TOTAL	1969	560,107	128,200	208,500	440,593	112,360	116,965	231,363	1,798,088
	1968	577,040	147,953	205,665	430,794	108,581	118,056	232,056	1,820,145

* Railroad owned and controlled refrigerator car lines.
† Class II railroads and switching and terminal companies.

NEW FACILITIES

● *Port Authority Trans-Hudson.*—PATH will install a two-way radio communication system on all trains by early 1971 at a cost of approximately $730,000. Bids will be advertised after detailed specifications are drawn.

FOREIGN

● *Peru.*—Southern Peru Copper Corp. placed an order with General Railway Signal for radio equipment to remotely control 11 locomotives in its open pit mine at Toquepala.

● *Taiwan.*—A $760-million, four-year economic plan for expansion of transportation and communications facilities contemplates the purchase of 1,322 new cars and locomotives; double-tracking of the trunk railway in western Taiwan; and mechanization of cargo-handling facilities.

YOU OUGHT TO KNOW

CN and airline joint marketing program created Canadian National and Western Airlines International have reached final agreement on a joint marketing program. CN agents and Canadian travel agents may sell through rail-air transportation from CN stations in Canada to major cities on the U.S. West Coast, using train service to Vancouver and Western Airlines International to destination. Airline agents will sell air-rail transportation in the reverse direction.

Monster-machine starts working for Union Tank Union Tank Car calls it the world's largest cold-forming head press—a 12,000-ton, double-acting, four-post press now installed and operating at Union's East Chicago, Ind., plant. The giant machine stands four stories high; it weighs almost 715,00 pounds. With it, Union Tank says it will be able "to manufacture consistently uniform heads used to enclose the ends of tank cars, pressure vessels and storage tanks." Diameter capability ranges from 60 to 130 inches, with production accuracy of ± 1/16-inch and within ¼-inch out of round.

Program set on "conglomerates —pro and con" One of the hot subjects in railroading will get a going-over April 10 from a blue-ribbon panel assembled by the Minneapolis Traffic Club. Discussion of "the transportation conglomerate—friend or foe?" will involve Rock Island President Jervis Langdon, Jr.; Interstate Commerce Commissioner Paul J. Tierney; Charles L. Bergmann, vice president, Shearson Hammill & Co.; and Robert Alexander, vice president, The Pillsbury Co.

Merger among the non-ops moves ahead With one merger completed and another held up by court action, the Brotherhood of Railway and Airline Clerks is moving ahead with still bigger merger plans. BRAC President C. L. Dennis says his organization is "discussing merger" with the 35,000-member Canadian Brotherhood of Railway Transport and General Workers, as well as with several other rail labor unions. The organization representing railway patrolmen has already been merged with BRAC, but a consolidation with the Transportation-Communication Employees Union has been held up by a suit filed by TCEU members.

Carloading symposiums under way Signode's 1969 series of carloading symposiums is off to a good start, with an initial two-day session in Kansas City attended by 34 railroad people, 50 representatives of the Western Weighing and Inspection Bureau and 42 representatives of major shippers in the area. Second presentation of the how-to-do-it carloading series is scheduled for Dallas Feb. 18-20.

Increase in SP stock is authorized Southern Pacific shareholders have approved an increase in the authorized capital stock from 35,667,108 common shares to 100 million shares, 90 million common and 10 million preferred, all without par value. SP directors are authorized to determine the powers, dividends, preferences and other rights of the preferred; and to fix the consideration for which the common and preferred may be issued. SP says, however, it will not issue additional common or any preferred at this time.

CZ revenues hit all-time low for WP Passenger revenues from Western Pacific's "California Zyphyr" dipped to $1,902,000 last year—the first time since the train was born in 1949 that revenues were below $2 million. WP's last remaining passenger operation, says President M. M. Christy, accounted for out-of-pocket passenger losses of more than $1.5 million in 1968.

William J. Dixon
Rock Island

John B. Buffalo
Rock Island

W. E. Willingham
Santa Fe

John J. Schmidt
Santa Fe

(Continued from page 36)

appointed assistant to general manager; **William D. Franklin,** manager, motor services; **Frank Lee,** operations manager; **Russell D. Clayton,** regional sales manager. Other regional sales managers are: **Joseph M. Murphy,** New York; **Thomas L. Moix,** St. Louis; **Van D. Ostlind,** Denver; **Richard H. Stewart,** Atlanta; **Keith L. Pickard,** Dallas; **LeRoy O. Ladish,** Houston; **Dan D. Sample,** Detroit. Trailer sales representatives named are: **Ronald A. Monnier,** Cleveland; **Franklin D. Martin,** Chattanooga; **J. Frank Taylor,** Los Angeles, and **C. Wayne Reed.** Oklahoma City.

J. D. Kirtley appointed regional manager-freight sales, Central Region, Chicago, to succeed **J. O. Cathey,** named director-industrial development and real estate (RA, Oct. 28, p. 74).

Markus W. Zanow, senior planning assistant, named manager of planning, Chicago.

Charles M. Pitts, senior terminal trainmaster, Blue Island, Ill., appointed assistant terminal superintendent, Kelly Yard, Silvis, Ill.

William J. Dixon, vice president-executive department, elected senior vice president and a director. **John B. Buffalo,** general manager-system, elected vice president-operations and maintenance.

SANTA FE.—W. E. Willingham, general auditor, named vice president and general auditor. **John J. Schmidt,** general attorney, appointed assistant vice president-executive department.

Effective Jan. 1, the Eastern division transferred to the Western District of the Eastern Lines. **H. D. Fish,** superintendent, Los Angeles Terminal division, Los Angeles, advanced to assistant general manager, Eastern District, Topeka, Kans. Mr. Fish's successor is **J. T. Groundwater.**

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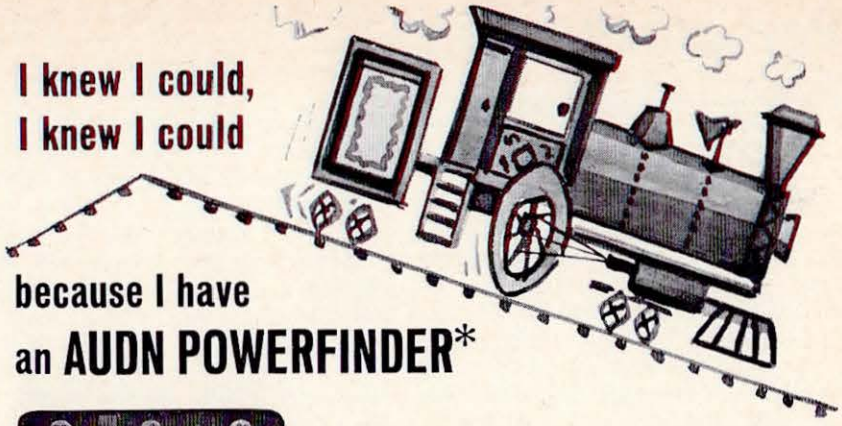

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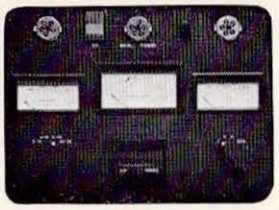

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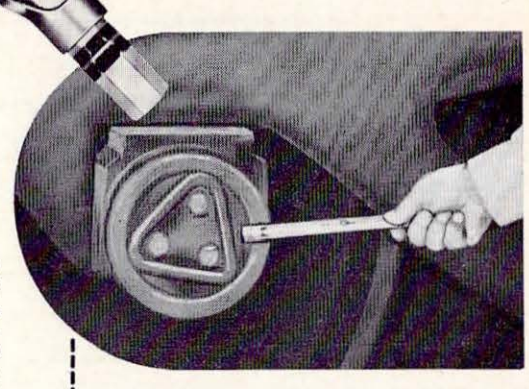

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Personnel team finds the talent

(Continued from page 34)

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While Stewart works on an open-door policy, he also emphasizes that "we're not a personal counseling service, and this sure isn't a chaplain's office. We have been accepted—to the extent that we can't keep up with the demand for services. I've found it gratifying, the way rank-and-file employees have taken on responsibilities of leadership by accepting officer positions. I think we've killed off the 'over-35-and-you're-out-of-luck' syndrome. I know that nobody has been fired or demoted or forced to lose pay as a result of our efforts. We're helping both the company and the individual to avoid making wrong moves—and that benefits both the company and the individual."

● **Services are many.** Over in the personnel services area, Bob Wilson works with a broad brush: The job-description covering his position includes such responsibilities as organization and manpower planning, personnel research activity, planning and administering management compensation and employee benefit programs, working up a personnel policy manual. He regards the department as a kind of fragmentation of specialists, dedicated to doing in a couple of years what other industry took 20 years to do—and, he says, "we've gone a long way toward implementing good programs in a very short time."

There is, for instance, North Western's salary administration program—something Wilson learned about with the U. S. Steel roads. A merit system has been set up, on a min/max basis divided in thirds—a lower third for new men or marginal performers in a job, a mid-range for men doing a fully-satisfactory job, and a top-range for men showing exceptional, sustained performance, with something of an override from this for growth reward for the man whose job involves no promotional opportunity.

One result of the application of this program has been that the railroad stands less chance of losing good men. Ten years ago, Wilson recalls, a good man could always get a better deal on the outside—"but this isn't true today. This railroad is competitive. We're in excellent shape, and especially in certain areas where we've had to go into the market to buy people."

Another of Wilson's major jobs, he found, was simply to define the organization—to find out what C&NW was, and to develop the job descriptions which would outline the responsibilities and relationships between and among jobs. This has been completed. It is now ready for whatever revisions may be necessary or advisable.

● **Policies are set.** Personnel policy is one more major area where a lot of work has been and is being done. Thus far, about a dozen specific policies have been set up—in each case with a statement of policy and a description of its application. Wilson can see the need for perhaps 50 such statements before the job is done.

● **Tip from the top: Take a look.** What's all this mean to C&NW for the future? Bob Russell's four directors can give an enthusiastic story about their own operations, and each likes to talk about what his three cohorts are doing. Russell himself expresses pride in the operation and in the people he has working in personnel. But perhaps the greatest clue to the future comes from North Western President Larry Provo, whose tip to a Railway Age editor was just this: "Maybe you could find a story in what our personnel people are doing. I think they've got some great things going." ■

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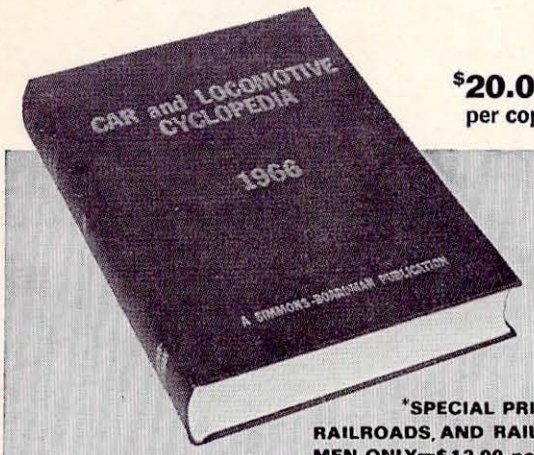

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C. H. Yiu, Managing Director

VIEWPOINT

P.S. to a snowstorm: The freight trains also got through

In one of those ironies which crop up from time to time, railroads demonstrated last week one of the basic advantages they hold over other forms of transportation. As New York tried to cope with its worst snowstorm in eight years, cars and trucks were abandoned on highways, an estimated 6,000 people were stranded at Kennedy Airport, airplanes were grounded, and the only way to get in and out of New York was on a train.

Predictably, the snowbirds—who ride trains only when their cars and buses fail them—flocked to the commuter railroads. No one probably gave much thought to the fact that trains were running when other modes were not, that railroads had once again proved to be the most reliable form of transportation.

But it is appropriate to consider that basic reliability in a broader context, the role of railroads in the nation's transportation system, while at the same time remembering that some of the people who help establish transportation policy think of railroads first as a means of transporting people and only second as a means of transporting goods.

The first reactions to Railway Age's series examining the railroads' future (Tomorrow's Railroads) serve as examples. After reading the first article in the series, Sen. William Proxmire wrote to express his "hope that your series will have a chance to examine in some detail the possibility of increased railroad passenger service in the United States."

Whether or not Sen. Proxmire's primary concern should be the passenger train is beside the point. If the railroad industry is going to have him—and others like him—as an ally, it is going to have to include passenger business in any discussion of the railroads' future.

The point that must be made to those outside the industry is that the railroads' basic efficiencies in moving people apply as well—and perhaps more importantly—in moving goods. What is involved here is a pair of transitions. Railroad spokesmen will have to begin talking about the passenger business as a means of getting those like Sen. Proxmire to start thinking about the railroads' capacity to move freight.

THE SUBJECT: TOTAL TRANSPORTATION

In a sense, that means talking about total transportation, and interestingly the letters responding to the Tomorrow's Railroads series indicate that the transitions already have begun. Arthur Grotz, president of the Western Maryland, expresses concern for the "environmental forces which will surround transportation in ten, twenty, or fifty years."

And Secretary of Transportation John Volpe in his letter gives assurance that "I shall do my part in developing a national transportation policy and a truly coordinated intermodal transportation system for the nation."

The emphasis here is on total transportation, rather than railroads alone. The railroads have a case to make for the efficiencies of transportation by rail. As their performance during New York's snowstorm demonstrated, it is a valid case. But what they say in presenting that case will, to a great extent, determine who listens.

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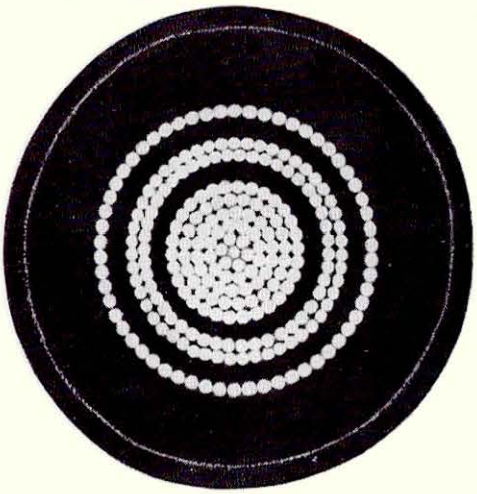

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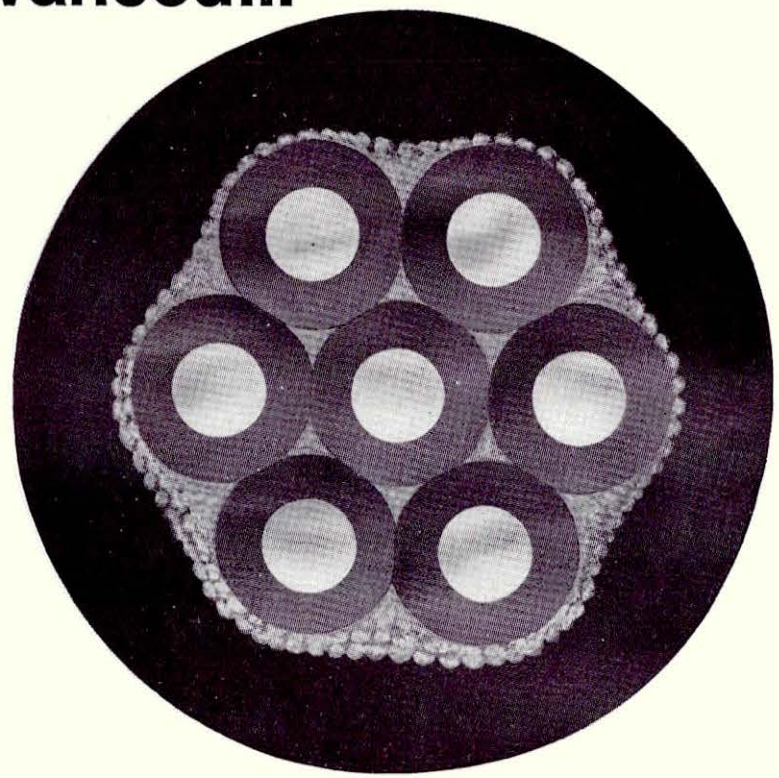

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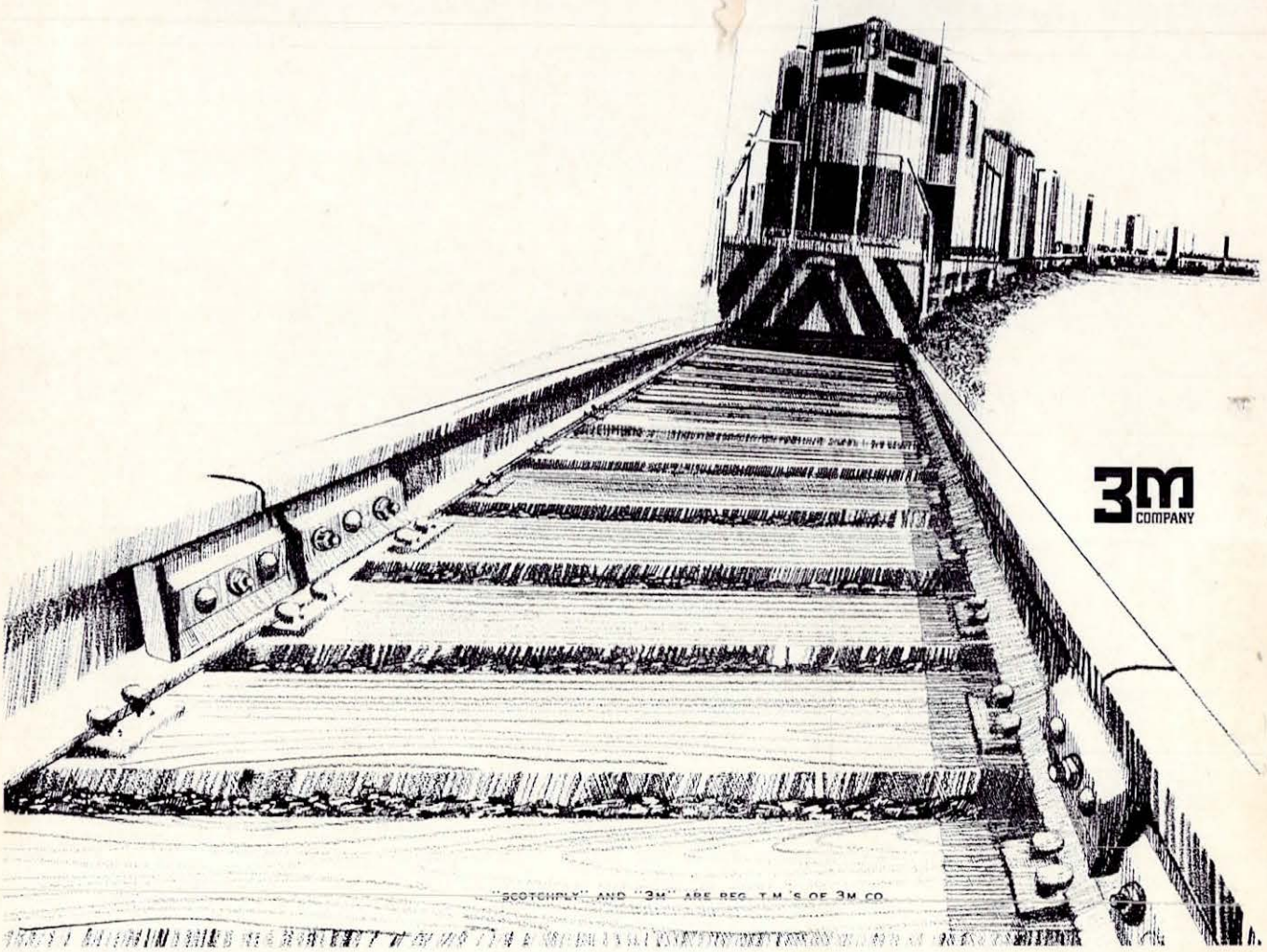

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